

**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	)	File No. ER-2018-0180
4 CSR 240-20.090(4) and The Company's	)	
Approved Fuel and Purchased Power Cost	)	
Recovery Mechanism.	)	

**THE OFFICE OF THE PUBLIC COUNSEL'S  
RESPONSE TO STAFF'S RECOMMENDATION**

COMES NOW the Office of the Public Counsel (“OPC”) and for its Recommendation in regard to the filings of KCP&L Greater Operations Company (“Company” or “GMO”) and the Public Service Commission Staff (“Staff”) concerning authority to implement rate adjustments related to the Fuel and Purchase Power Adjustment Clause (“FAC”) and true-up for the Company states as follows:

1. OPC does not disagree with the tariff sheets or the calculation of the Fuel Adjustment Rate (“FAR”) filed in this case. Below OPC provides additional information to the Public Service Commission (“Commission”) not found in either the Company’s or Staff’s filings.

2. On page 4 of her direct testimony, Lisa Starkebaum explains that:

For the 21st accumulation period covering June 2017 through November 2017, GMO’s actual FAC includable costs exceeded the base energy costs included in base rates by approximately \$9.2 million.

3. On page 5 of her direct testimony Ms. Starkebaum gave the following explanation of why the adjustment for the Company’s 21st accumulation period was higher than the adjustment for the previous accumulation period on:

GMO’s actual FAC includable costs exceeding the base energy costs are higher in this accumulation than they were in the previous accumulation. There are several factors contributing to this increase. First, the higher Actual Net Energy Costs (“ANEC”) in the 21st accumulation period of June through November are driven by seasonal differences compared to the previous 20th accumulation period of December through May. Retail load requirements are naturally higher in the summer months. Second, the includable FAC costs exceeding the base energy costs are higher during this accumulation period due to the effective date of rates in 2016 Case of February 22, 2017. During this 21st accumulation period, rates were effective for all six months, but were only effective for approximately three months in the 20th accumulation period. Lastly, as a result of the 2016 Case in which GMO requested and was granted authorization to consolidate its MPS and L&P rate jurisdictions, the allowable transmission costs in the FAC were increased and the GMO FAC base factor was reduced.

4. OPC provides the additional following information regarding the adjustment for the Company’s 21st accumulation period. As shown in the table below, the fuel cost were considerably higher in the 21<sup>st</sup> accumulation period signifying an increase in generation by the Company’s generation units. Purchased power costs also increased slightly. Offsetting the increase in these costs was an increase in off-system sales revenues (“OSS Revenues”).

	<u>AP 21</u>	<u>AP 20</u>	<u>Difference</u>
Fuel Costs	\$ 38,129,008	\$ 28,591,364	\$ 9,537,644
Emissions		(3,264)	3,264
Purchased Power	63,137,820	61,051,803	2,086,016
Transmission	5,554,648	2,992,715	2,561,933
OSS Revenue	<u>(5,558,687)</u>	<u>(3,824,301)</u>	<u>(1,734,386)</u>
Total	\$ 101,262,789	\$ 88,808,317	\$ 12,454,471

5. It is also informative to the Commission to note a comparison of the FAC costs and revenues in this case to the inputs used to calculate the FAC base rates in the last case. This is shown below as a comparison of the percent of Actual Net Energy Cost for the Accumulation period and the Base Net Energy Cost from the rate case in the table below:

	<u>AP 21</u>	<u>Rate Case</u>	<u>Difference</u>
Fuel Costs	37.65%	43.28%	-5.62%
Emissions	0.00%	0.14%	-0.14%
Purchased Power	62.35%	43.00%	19.35%
Transmission	5.49%	3.63%	1.86%
OSS Revenue	-5.49%	-1.13%	-4.36%

This comparison shows purchased power costs made up a larger portion of the FAC costs in this accumulation period than was estimated in the last rate case.

6. While the reason for fuel costs are and higher purchased power costs are complicated and intertwined, this shows GMO is reliant on purchased power, specifically from the Southwest Power Pool Integrated Market, not its own generation resources, to cost-effectively meet its customers' energy needs.

7. Public Counsel reserves its right to discuss the prudence of GMO's reliance on purchased power to meet its customers' needs.

In conclusion Public Counsel observes GMO is heavily reliant on purchased power and Public Counsel reserves its right to raise prudence issues in future cases.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

BY: /s/ Lera L. Shemwell

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**CERTIFICATE OF SERVICE**

On this 6<sup>th</sup> day of February, 2018, 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/ Lera L. Shemwell