

**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)	<u>File No. ER-2018-0180</u>
4 CSR 240-20.090(4) and the Company's)	Tariff Tracking No. JE-2018-0080
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 ("Staff"), by and through counsel, and for its recommendation to approve revised tariff sheet, respectfully states:

1. On December 29, 2017, KCP&L Greater Missouri Operations Company ("GMO") filed a proposed tariff sheet bearing an effective date of March 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").

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 January 29, 2018.

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

² See lines 16 and 19 on 2nd 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 revised tariff sheet as filed by GMO on December 29, 2017.

ANALYSIS

4. GMO requests Commission approval of one revised tariff sheet bearing an effective date of March 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 \$8,315,398 (line 11 of 2nd Revised Sheet No. 127.12) for Accumulation Period 21 ("AP21") for the period of June 1, 2017 through November 30, 2017. 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 18 (September 1, 2016, through August 31, 2017) filed by GMO on December 29, 2017 in File No. ER-2018-0181.

6. Listed below are GMO's proposed Current Annual FARs listed on GMOs 2nd Revised Sheet No. 127.12, and the now effective Current Annual FARs listed on GMO's 1st 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
	2 nd Revised Sheet No. 127.12	1 st Revised Sheet No. 127	
Primary	\$0.00122	\$0.00045	\$0.00077 Increase
Secondary	\$0.00126	\$0.00046	\$0.00080 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 of approximately \$0.80 per month.

8. Staff reviewed GMO’s proposed tariff sheet, 2nd Revised Sheet No. 127.12 Canceling 1st 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 Accumulation Period 21. 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 2nd 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/over recovery of actual net energy costs for Accumulation Period 21, and verified that the monthly interest rates and calculations of interest amounts are correct.

9. Staff notes that new rates from GMO’s general rate case ER-2016-0156 went into effect on February 22, 2017. From January 26, 2013 through February 21, 2017, the costs for the St. Joseph Landfill gas facility flowed through the FAC. On February 22, 2017 and thereafter, costs for the St. Joseph Landfill gas facility flow

through GMO's Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM").

10. However, costs of \$7,576.32 for the St. Joseph landfill gas facility were inadvertently included, and properly removed from the FAC during March 2017, which was part of GMO's FAR filing for Accumulation Period 20 in File No. ER-2017-0357. Subsequently, there was an amount of \$7,575.30 included in June 2017, but there was another credit of \$7,575.30 in June as well, which is part of AP21, in order to correct the balance from March and reclassify the expense to Regulatory Asset account - 182513, which is not included in the FAC.

11. Staff has verified that GMO is not delinquent on any assessment and has filed its 2016 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).

12. Except for GMO's RP18 true-up filing that is the subject of File No. ER-2018-0181 (also filed on December 29, 2017), 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 December 29, 2017 to become effective on March 1, 2018 as requested by GMO:

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin

Deputy Staff Counsel

Missouri Bar No. 51709

Attorney for the Staff of the

Missouri Public Service Commission

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Jefferson City, MO 65102

(573) 526-7779 (Telephone)

(573) 751-9285 (Fax)

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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 29th day of January, 2018, to all counsel of record.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2018-0180, Tariff Tracking No. JE-2018-0080
KCP&L Greater Missouri Operations Company

FROM: Brooke Richter, Utility Regulatory Auditor IV
Catherine Lucia, Utility Regulatory Auditor IV

DATE: /s/ John A. Rogers 1/29/2018 /s/ Robert S. Berlin 1/29/2018
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: January 29, 2018

Staff Recommendation

The Staff recommends the Commission issue an order approving the proposed 2nd Revised Sheet No. 127.12 of the Fuel Adjustment Clause ("FAC") of KCP&L Greater Missouri Operations Company ("GMO" or "Company") as filed on December 29, 2017, to become effective on March 1, 2018, as requested by GMO.

Discussion

On December 29, 2017, GMO filed one (1) tariff sheet, 2nd Revised Sheet No. 127.12 Canceling 1st Revised Sheet No. 127.12, bearing a proposed effective date of March 1, 2018, to revise GMO's current annual Fuel Adjustment Rates ("FARs") (lines 16 and 19 on 2nd Revised Sheet No. 127.12) of its Fuel Adjustment Clause ("FAC"). GMO also filed direct testimony of its witness Lisa A. Starkebaum on December 29, 2017, 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-2018-0080 and ordered Staff to file its recommendation concerning the tariff sheet no later than January 29, 2018.

Accumulation Period 21 FARs

The testimony and work papers include information supporting GMO's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of \$8,315,398 (line 11 of 2nd Revised Sheet No. 127.12) for Accumulation Period 21 ("AP21") (June 1, 2017 through November 30, 2017) reflecting the sum of:

1. The amount of \$8,793,166 on line 7 of 2nd 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 2nd Revised Sheet No. 127.12 of (\$546,583); and
3. The interest amount reflected on line 9 of 2nd Revised Sheet No. 127.12 of \$68,815.

The Current Period GMO FAR of \$0.00095 per kWh (line 13 of 2nd Revised Sheet No. 127.12) is equal to the GMO FPA amount of \$8,315,398 divided by the Estimate Recovery Period 21 ("RP21")³ Retail Net System Input at the generator level⁴ ("S_{RP}") of 8,761,343,321 kWh (line 12 of 2nd 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 \$0.00099 per kWh for service taken at primary and \$0.00102 per kWh for secondary voltage levels are included on lines 14 and 17, respectively, of 2nd Revised Sheet No. 127.12.

For AP21, the Current Annual FARs are the sum of the Current Period FARs and the Prior Period FARs for GMO,⁶ and are \$0.00122 per kWh for primary voltage service and \$0.00126 per kWh for secondary voltage service reflected on lines 16 and 19, respectively, of 2nd Revised Sheet No. 127.12.

The Accumulation Periods, Recovery Periods, and other specifications of GMO's FAC for AP21 are set out in its tariff sheets identified in the following table:

¹ See line 4 of 2nd 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 December 29, 2017 filing in File No. ER-2018-0181.

³ RP21 runs from March 1, 2018 through February 28, 2019.

⁴ See definition of SRP 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 2nd Revised Sheet No. 127.12.

⁶ The Prior Period FARs for GMO are contained on lines 11 and 14 of 1st Revised Sheet No. 127.12.

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
1st Revised Sheet No. 127.12

Listed below are GMO’s proposed Current Annual FARs of 2nd Revised Sheet No. 127.12 and the GMO Current Annual FARs on 1st Revised Sheet No. 127.12 together with the changes between them for primary and secondary voltage service levels.

GMO Current Annual Fuel Adjustment Rates per kWh			
Service	Proposed 2nd Revised Sheet No. 127.12	Now Effective 1st Revised Sheet No. 127.12	Difference
Primary	\$0.00122	\$0.00045	\$0.00077 Increase
Secondary	\$0.00126	\$0.00046	\$0.00080 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 \$0.80.

Staff Review

Staff reviewed GMO's proposed 2nd Revised Sheet No. 127.12 Canceling 1st 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 AP21, 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 2nd 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 AP21 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 AP21.

Attachment A includes three charts which provide a summary of GMO's twenty-one (21) 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 seventeen (17) 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 AP21 of approximately \$252 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 AP21 of approximately 11%.

Landfill Gas Facility

From January 26, 2013 through February 21, 2017, the costs for the St. Joseph landfill gas facility were allowed to flow through the FAC.⁷ As a result of GMO's 2016 general rate case, Case No. ER-2016-0156, on February 22, 2017 and thereafter, costs for the St. Joseph landfill gas facility were no longer allowed to flow through the FAC and were only allowed to flow through GMO's RESRAM. However, \$7,576.32 of costs for the St. Joseph landfill gas facility

⁷ Commission's January 3, 2012 Order Granting Waiver in File Nos. ER-2012-0175 and ER-2013-0341.

were inadvertently included, and properly removed from the FAC during March 2017, which was part of GMO's FAR filing for accumulation period 20, File No. ER-2017-0357. Subsequently, there was an amount of 7,575.30 included in June 2017, but there was another credit of \$7,575.30 in June as well, which is part of AP21, in order to correct the balance from March and reclassifying the expense to a Regulatory Asset account 182513, which is not included in the FAC.

Staff Recommendation

GMO timely filed its 2nd Revised Tariff Sheet No. 127.12. The Staff is of the opinion that this tariff sheet 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 2nd Revised Tariff Sheet No. 127.12 Canceling 1st Revised Tariff Sheet No. 127.12, filed December 29, 2017, become effective on March 1, 2018. The Company filed the tariff sheet with 60 days' notice. Staff, based on its examination and analysis of the information GMO filed and submitted in this case, recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on December 29, 2017, becoming effective on March 1, 2018, as requested by GMO:

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

Staff has verified that GMO is not delinquent on any assessment and has filed its 2016 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 RP18 true-up filing in File No. ER-2018-0181 (also filed on December 29, 2017), Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

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OF THE STATE OF MISSOURI

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Operations Company Request for Authority) File No. ER-2018-0180
to 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 CATHERINE LUCIA

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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

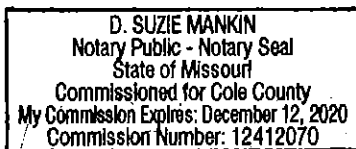
Further the Affiant sayeth not.

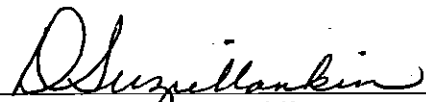


CATHERINE LUCIA

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 29th day of January 2018.





Notary Public

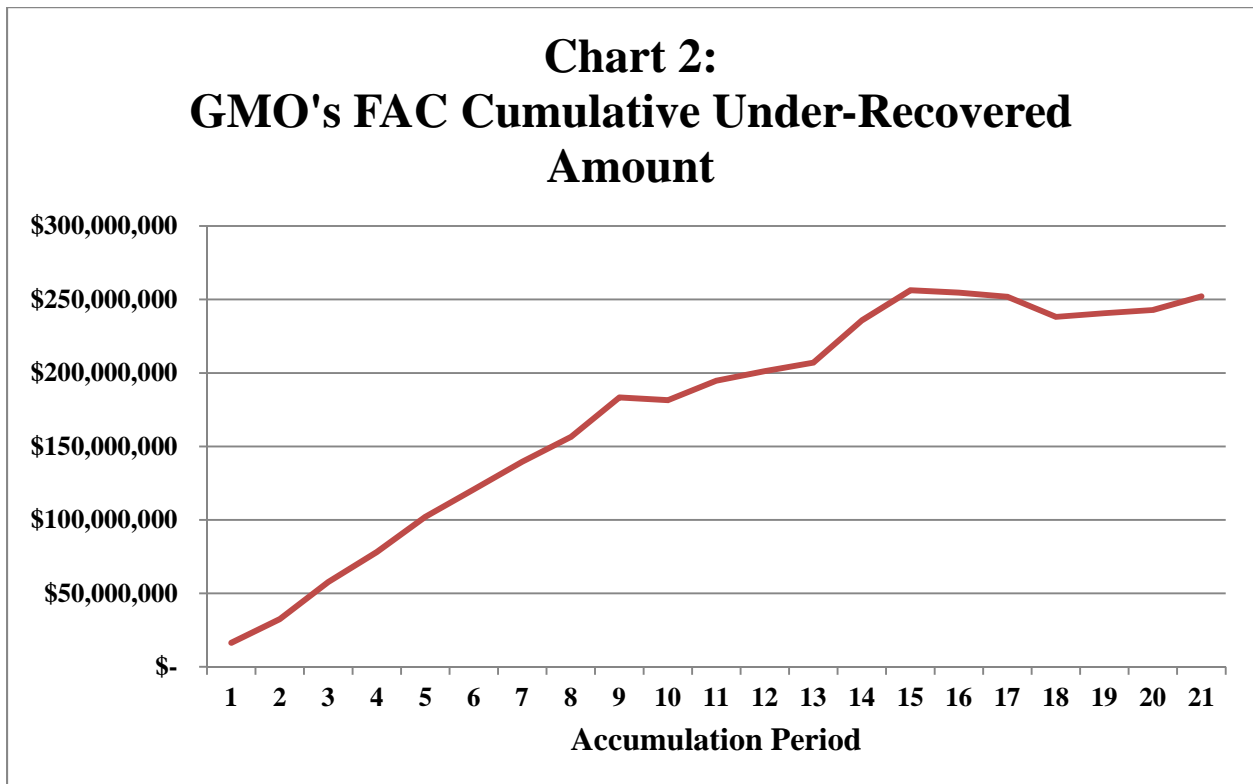
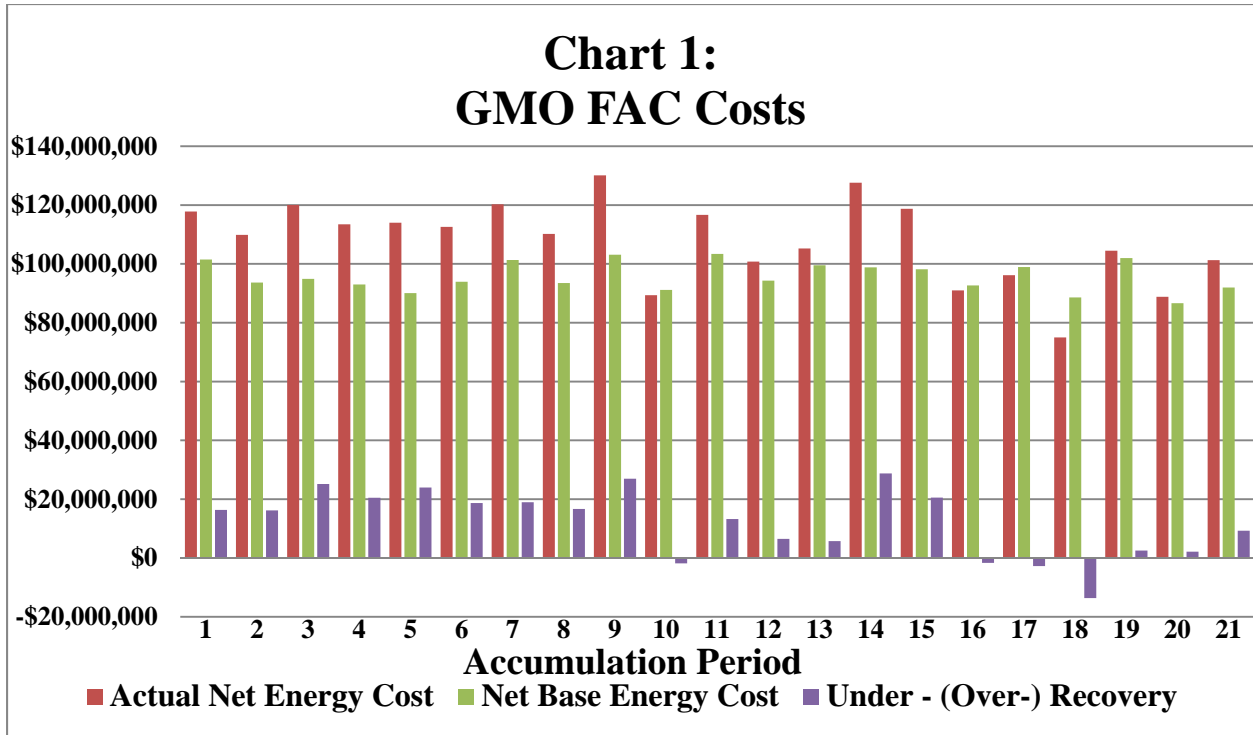


Chart 3: GMO's FAC Cumulative Under-Recovered Percent

