

**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)	)	<b><u>File No. ER-2018-0208</u></b>
And the Company's Approved Fuel and Purchased	)	Tracking No. JE-2018-0099
Power Cost Recovery Mechanism	)	

**STAFF RECOMMENDATION TO APPROVE REVISED TARIFF SHEET**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through its undersigned counsel, and files this *Staff Report and Recommendation to Approve Revised Tariff Sheet* (“Report”) with the Missouri Public Service Commission (“Commission”), and respectfully states:

1. On January 31, 2018, Kansas City Power & Light Company (“KCPL”) filed with the Commission a proposed tariff sheet, a filing letter, along with the Direct Testimony of Lisa A. Starkebaum and other supporting information pursuant to Commission Rules 4 CSR 240-3.161(7) and 4 CSR 240-20.090(4) to adjust its Fuel Adjustment Rates (“FAR”)<sup>1</sup> used to determine customer charges related to its fuel adjustment clause (“FAC”).

2. On February 1, 2018, the Commission directed Staff to file a recommendation regarding its examination and analysis of KCPL’s application no later than March 2, 2018.

3. Commission Rule 4 CSR 240-20.090(4) provides that the Staff “shall submit a recommendation regarding its examination and analysis to the Commission not later than thirty (30) days after the electric utility files its tariff schedules

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<sup>1</sup> See items 17, 21, and 25 on 3<sup>rd</sup> Revised Sheet No. 50.20

to adjust its FAC rates.” Staff is charged with determining if KCPL’s proposed fuel adjustment rates per kwh are in accordance with 4 CSR 240-20.090, § 386.266 RSMo, and the FAC mechanism established in KCPL’s most recent general rate proceeding.

4. 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 KCPL on January 31, 2018.

5. KCPL’s filing in this case requests Commission approval of one revised tariff sheet bearing an effective date of April 1, 2018, to revise the current annual FARs of its FAC. The filing includes testimony and workpapers from KCPL witness Lisa A. Starkebaum supporting KCPL’s calculation of the Fuel and Purchased Power Adjustment (“FPA”) amount of \$21,071,263 for its Missouri jurisdictional electric operations for Accumulation Period 5 (“AP5”) which runs from July 1, 2017, through December 31, 2017.

6. The FPA amount of \$21,071,263 is the sum of: 1) 95% of the difference between (a) the jurisdictional Actual Net Energy Costs (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues) and (b) the jurisdictional Net Base Energy Cost for AP5 which is an amount of \$18,838,304; 2) the Recovery Period 2 true-up amount of \$1,574,675; and 3) the interest amount of \$658,284.

7. Listed below are KCPL’s proposed current annual FARs and the now-effective current annual FARs, together with the changes between them for primary, secondary, and transmission/substation service:

Current Annual Fuel Adjustment Rate per kWh			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Primary	\$0.00484	\$0.00665	\$0.00181 Decrease
Secondary (Residential Service)	\$0.00495	\$0.00682	\$0.00187 Decrease
Transmission/Substation	\$0.00472	\$0.00659	\$0.00187 Decrease

8. Based on an average use of 1,000 kWh per month, a typical KCPL residential customer's monthly bill will decrease by \$1.87.

9. Staff reviewed the proposed tariff sheet, the direct testimony of Lisa A. Starkebaum and the workpapers as filed by KCPL in this matter, as well as KCPL's monthly FAC information reports filed in compliance with 4 CSR 240-3.161(5) for AP5, and has determined that KCPL's proposed 3<sup>rd</sup> Revised Tariff Sheet No. 50.20 complies with the Commission's *Report and Order* and its *Order Regarding Compliance Tariff Sheets* in Case No. ER-2016-0285, Commission Rule 4 CSR 240-3.161, and recommends that the Commission approve the proposed revised tariff sheet, to become effective on April 1, 2018.

10. Staff has verified that KCPL is not delinquent on any assessment and has filed its 2016 Annual Report. KCPL is current on its submission of its Surveillance

Monitoring reports as required in 4 CSR 240-3.161(5). Except for KCPL's Recovery Period 2 True-up filing in File No. ER-2018-0207, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

**WHEREFORE**, Staff respectfully recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on January 31, 2018 to become effective on April 1, 2018, as requested by KCPL:

P.S.C. Mo. No. 7

3<sup>rd</sup> Revised Sheet No. 50.20 Canceling 2<sup>nd</sup> Revised Sheet No. 50.20

Respectfully Submitted,

**/s/ Robert S. Berlin**

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Missouri Bar No. 51709  
Attorney for the Staff of the  
Missouri Public Service Commission  
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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 2<sup>nd</sup> day of March, 2018, to all parties of record.

**/s/ Robert S. Berlin**

**MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
File No. ER-2018-0208, Tariff Tracking No. JE-2018-0099  
Kansas City Power & Light Company

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

DATE: /s/ John Rogers 03/2/2018      /s/ Bob Berlin 03/2/2018  
Energy Resources Department / Date      Staff Counsel Department / Date

SUBJECT: Staff Recommendation For **Approval** Of Tariff Sheet Filed to Change Rates  
Related to Kansas City Power & Light Company’s Fuel Adjustment Clause  
Pursuant to the Commission’s *Report and Order* and *Order Regarding Compliance  
Tariff Sheets* from File No. ER-2016-0285.

DATE: March 2, 2018

**Staff Recommendation**

Staff recommends the Commission issue an order approving the proposed 3rd Revised Sheet No. 50.20 of the Fuel Adjustment Clause (“FAC”) of Kansas City Power & Light Company (“KCPL”) to become effective on April 1, 2018, as requested by KCPL.

**Discussion**

On January 31, 2018, KCPL filed one (1) tariff sheet<sup>1</sup> bearing a proposed effective date of April 1, 2018, to change its Fuel Adjustment Rates (“FAR”) (Line Items 17, 21 and 25 on 3rd Revised Sheet No. 50.20) of its Fuel Adjustment Clause (“FAC”). Included in the filing of January 31, 2018 is the testimony of KCPL witness Lisa A. Starkebaum and KCPL’s workpapers.

The testimony and workpapers include information supporting KCPL’s calculation of the Fuel and Purchased Power Adjustment (“FPA”) amount of \$21,071,263 (line 11 of 3rd Revised

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<sup>1</sup> The Commission assigned the tariff sheet to Tariff Tracking No. JE-2018-0099.

Sheet No. 50.20) for its Missouri jurisdictional electric operations for Accumulation Period 5 (“AP5”) (July 1, 2017, through December 31, 2017). The FPA amount of \$21,071,263 is the sum of:

1. 95% of the difference between a) the jurisdictional Actual Net Energy Costs (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues) and b) the jurisdictional Net Base Energy Cost for AP5, reflected on line 7 of 3rd Revised Sheet No. 50.20 of \$18,838,304; and
2. The true-up amount for Recovery Period 2 (“RP2”) of \$1,574,675<sup>2</sup> reflected on line 8 of 3rd Revised Sheet No. 50.20; and
3. The interest amount of \$658,284 reflected on line 9 of 3rd Revised Sheet No. 50.20.

The current period FAR of \$0.00233 per kWh (line 13 of 3rd Revised Sheet No. 50.20) is equal to the FPA amount of \$21,071,263 divided by the estimated recovery period retail net system input (“NSI”) of 9,031,850,087 kWh (line 12 of 3rd Revised Sheet No. 50.20).

Because of differences in line losses for KCPL of transmission/substation, primary and secondary voltage service levels,<sup>3</sup> the tariff sheet reflects different current period FARs for service taken at transmission/substation, primary and secondary voltages on lines 15, 19 and 23, respectively, of 3rd Revised Sheet No. 50.20. The transmission/substation voltage level was added to the FAC as a result of KCPL’s last general rate case, Case No. ER-2016-0285.

The current annual FARs for transmission/substation, primary, and secondary service voltage levels are reflected on lines 17, 21 and 25, respectively, of 3rd Revised Sheet No. 50.20, and are the sum of the current period FARs and the prior period FARs for KCPL.

The Accumulation Periods, Recovery Periods, and other specifications of KCPL’s FAC are set out in its tariff sheets designated First Revised Sheet Nos. 50.11 through 50.19.

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<sup>2</sup> See Staff Recommendation in File No. ER-2018-0207.

<sup>3</sup> The voltage adjustment factors (VAFs) for transmission/substation, primary and secondary voltage service levels are included on lines 27, 28 and 29, respectively, of 3rd Revised Sheet No. 50.20.

Listed below are KCPL’s current period FAR, prior period FAR, and current annual FAR for the proposed current annual FARs and the now-effective current annual FARs together with the changes between them for transmission/substation, primary and secondary voltage service.

<b>Current Annual Fuel Adjustment Rate per kWh</b>				
Sheet No. 50.20 Line No.	Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
15	Current Period FAR <sub>Trans/Sub</sub>	\$0.00238	\$0.00234	\$0.00004 Increase
16	Prior Period FAR <sub>Trans/Sub</sub>	\$0.00234	\$0.00425	\$0.00191 Decrease
17	Current Annual FAR <sub>Trans/Sub</sub>	\$0.00472	\$0.00659	\$0.00187 Decrease
19	Current Period FAR <sub>Prim</sub>	\$0.00244	\$0.00240	\$0.00004 Increase
20	Prior Period FAR <sub>Prim</sub>	\$0.00240	\$0.00425	\$0.00185 Decrease
21	Current Annual FAR <sub>Prim</sub>	\$0.00484	\$0.00665	\$0.00181 Decrease
23	Current Period FAR <sub>Sec</sub>	\$0.00249	\$0.00246	\$0.00003 Increase
24	Prior Period FAR <sub>Sec</sub>	\$0.00246	\$0.00436	\$0.00190 Decrease
25	Current Annual FAR <sub>Sec</sub>	\$0.00495	\$0.00682	\$0.00187 Decrease

The proposed changes to the FARs will result in a decrease to a typical KCPL residential customer’s bill<sup>4</sup> of approximately \$1.87 per month, based on an average use of 1,000 kWh per month.

In her direct testimony Ms. Starkebaum states:

KCPL’s actual FAC includable costs exceeding the base energy costs are higher in this accumulation than they were in the previous accumulation period. There are multiple factors contributing to this increase. First, the higher Actual Net Energy Costs (“ANEC”) in the 5th accumulation period of July through December are driven by seasonal differences compared to the previous 4th accumulation period of January through June. Retail load requirements are naturally higher in the summer months. Second, there was a decrease in off-system sales revenue as generation was not available to sell to Southwest Power Pool (“SPP”) Integrated Marketplace. Lastly, the allowable transmission costs are higher during this accumulation period due to the effective date of rates in the 2016 Case of June 8, 2017[Case No. ER-2016-0285]. ... Overall, the increase in

<sup>4</sup> All residential customers take service on secondary voltage.

the FAC base factor, effective June 8, 2017, is offsetting the increase in ANEC experienced during this accumulation period resulting in a decrease to the FAC rate.<sup>5</sup>

Staff reviewed the 3rd Revised Sheet No. 50.20, as filed on January 31, 2018, the direct testimony of Lisa A. Starkebaum and the workpapers, in this filing, as well as KCPL's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for AP5. Staff verified that the actual fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues in the workpapers match the fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenues less renewable energy credit revenues in KCPL's proposed 3rd Revised Tariff Sheet No. 50.20 and the supporting workpapers of Lisa A. Starkebaum's direct testimony. Staff also reviewed KCPL's monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under/over-recovery of base fuel and purchased power costs and 100% of the true-up amount from RP2 for AP5 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

The information filed with the revised tariff sheet and workpapers includes sufficient data to calculate KCPL's FARs based on the actual fuel costs, net emission costs, purchased power costs, and transmission costs net of off-system sales revenues and renewable energy credit revenues KCPL provided for AP5.

#### Staff Recommendation

Staff is of the opinion that KCPL timely filed 3rd Revised Tariff Sheet No. 50.20 on January 31, 2018, and that it complies with the Commission's *Report and Order* and its *Order Regarding Compliance Tariff Sheets* in Case No. ER-2016-0285, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and KCPL's FAC embodied in its tariff.

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<sup>5</sup> KCPL witness Lisa A. Starkebaum's direct testimony; page 4 line 16 through page 5 line 7.



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.

KCPL requested that 3rd Revised Tariff Sheet No. 50.20, filed January 31, 2018, become effective on April 1, 2018. The Company filed the tariff sheet with 60 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on January 31, 2018, to become effective on April 1, 2018, as requested by KCPL:

P.S.C. Mo. No. 7  
3rd Revised Sheet No. 50.20 Canceling 2<sup>nd</sup> Revised Sheet No. 50.20

Staff has verified that KCPL is not delinquent on any assessment and has filed its 2016 Annual Report. KCPL is current on its submission of its Surveillance Monitoring reports as required by 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Except for KCPL's RP2 true-up filing in File No. ER-2018-0207, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.



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

In the Matter of Kansas City Power & Light	)	
Company for Authority to Implement Rate	)	<b><u>File No. ER-2018-0208</u></b>
Adjustments Required by 4 CSR 240-2.090(4)	)	<b><u>Tracking No. JE-2018-0099</u></b>
And the Company's Approved Fuel and Purchased	)	
Power Cost Recovery Mechanism	)	

**AFFIDAVIT OF BROOKE RICHTER**

State of Missouri    )  
                                  ) ss.  
County of Cole        )

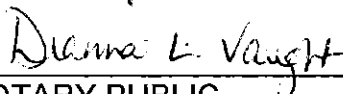
**COMES NOW** Brooke Richter and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Brooke Richter

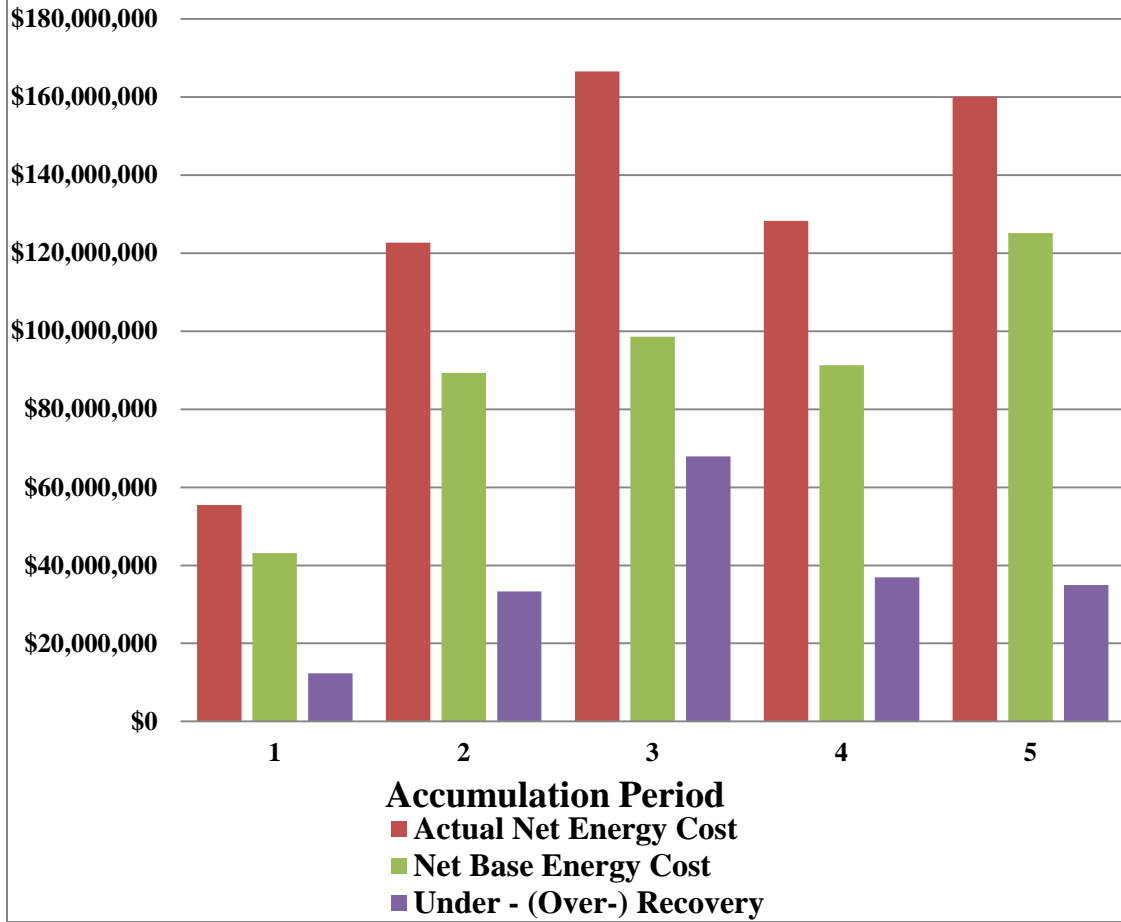
**JURAT**

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 2nd day of March, 2018.

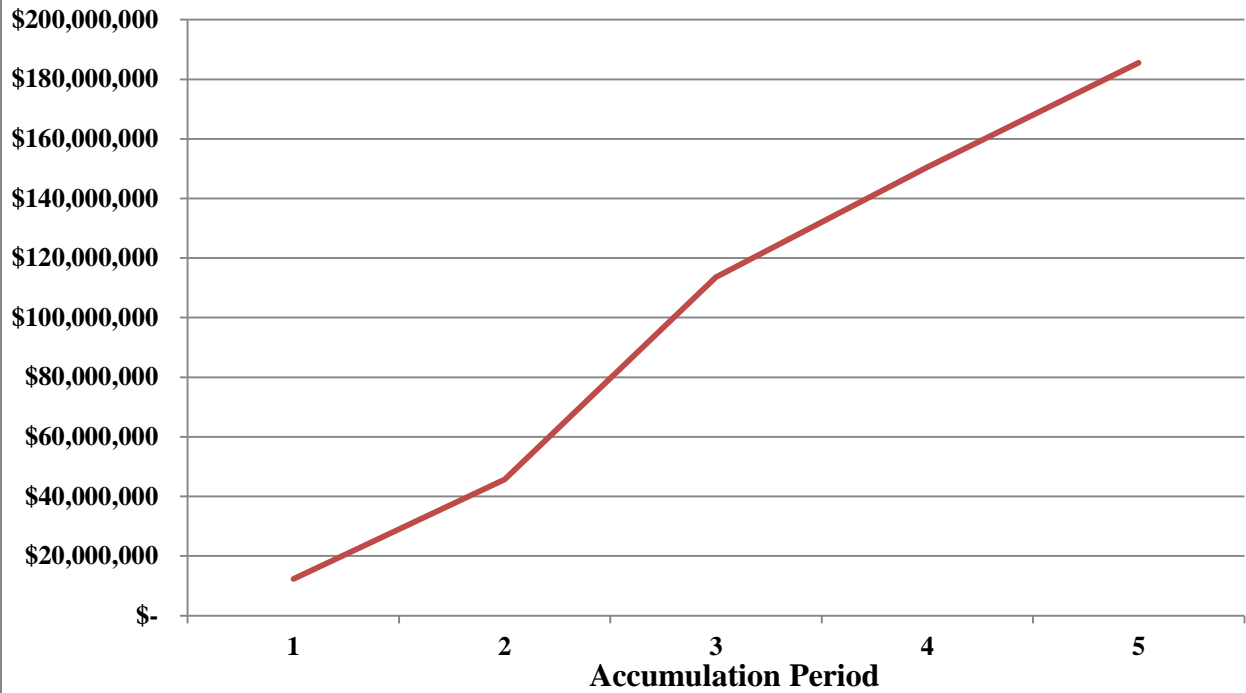
  
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NOTARY PUBLIC

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377
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**Chart 1:  
KCPL FAC Costs**



**Chart 2:  
KCPL FAC Cumulative Under-Recovered Amount**



**Chart 3: KCPL FAC Cumulative Under-Recovered Percent**

