

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. ER-2014-0002, Tariff Tracking No. JE-2014-0001  
KCP&L Greater Missouri Operations Company

FROM: Matthew Barnes, Utility Regulatory Auditor IV

DATE: /s/ John Rogers 07/30/2013                      /s/ Bob Berlin 07/30/2013  
Energy Unit / Date                                      Staff Counsel Division / 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-2012-0175.

DATE: July 30, 2013

### Staff Recommendation

The Staff recommends the Commission issue an order approving the proposed revised tariff Sheet No. 127 of the Fuel Adjustment Clause ("FAC") of KCP&L Greater Missouri Operations Company ("GMO") as filed on July 1, 2013, to become effective on September 1, 2013, as requested by GMO.

### Discussion

On July 1, 2013, GMO filed one (1) tariff sheet<sup>1</sup> bearing a proposed effective date of September 1, 2013 to revise its current annual Fuel Adjustment Rates ("FARs") (Line Items 16 and 19 on 6<sup>th</sup> Revised Sheet No. 127) of its FAC. Included in the filing on July 1, 2013, are the testimony of GMO witness Linda J. Nunn and GMO's workpapers. The testimony and workpapers include information supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustment ("FPA") amount of \$3,605,310 for its MPS rate district and \$3,386,387 for its L&P rate district for Accumulation Period 12 (December 1, 2012 through May 31, 2013) resulting from the sum of:

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<sup>1</sup> Tracking No. JE-2014-0001

1. 95% of the difference between the jurisdictional Actual Net Energy Costs (fuel costs plus emissions allowance plus purchased power costs plus transmission costs less off-system sales revenue less renewable energy credits) and the jurisdictional Net Base Energy Costs for Accumulation Period 12 reflected on line 7 of 6<sup>th</sup> Revised Sheet No. 127 of \$3,192,832 and \$2,966,942 for MPS and L&P, respectively;
2. The true up of the under/over recovery for prior period amounts as a result of the FARs for Recovery Period 9 (March 1, 2012 through February 28, 2013) filed by GMO on July 1, 2013, in File No. ER-2014-0001 reflected on line 8 of 6<sup>th</sup> Revised Sheet No. 127 of \$314,403 and \$357,643 for MPS and L&P, respectively, and;
3. Interest reflected on line 9 of 6<sup>th</sup> Revised Sheet No. 127 of \$98,076 and \$61,802 for MPS and L&P, respectively.

The MPS FAR rate of \$0.00056 per kWh to be billed beginning September 1, 2013 (line 13 of 6<sup>th</sup> Revised Sheet No. 127) is equal to the FPA amount of \$3,605,310 divided by the forecasted retail net system input (“RNSI”) of 6,449,075,970 kWh (line 12 of 6<sup>th</sup> Revised Sheet No. 127).

Similarly, the L&P FAR rate of \$0.00149 per kWh to be billed beginning September 1, 2013 (line 13 of 6<sup>th</sup> Revised Sheet No. 127) is equal to the FPA amount of \$3,386,387 divided by the forecasted RNSI of 2,278,340,155 kWh (line 12 of 6<sup>th</sup> Revised Sheet No. 127).

Because of a difference in line losses for MPS and L&P for both primary and secondary voltage service levels<sup>2</sup>, there are different current period FARs for service taken at primary and secondary voltages in MPS and in L&P.

The current annual FARs are the sum of the current period CAF and the previous period CAF for MPS and L&P, respectively, as reflected on lines 14 through 19 of 6<sup>th</sup> Revised Sheet No. 127.

The Accumulation Periods, Recovery Periods, and other specifications of GMO’s FAC are set out in its tariff sheets designated Sheet Nos. 124 through 127.

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<sup>2</sup> The voltage adjustment factors (VARs) for MPS and L&P for both primary and secondary voltage service levels are included at the bottom of 6<sup>th</sup> Revised Sheet No. 127.

Listed below are GMO’s proposed current annual FARs and the now-effective current annual FARs together with the changes between them for primary and secondary service in both the MPS and L&P rate districts.

Current Fuel Adjustment Rate - MPS			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Primary	\$0.00208	\$0.00120	\$0.00088 Increase
Secondary	\$0.00210	\$0.00120	\$0.00090 Increase
Current Fuel Adjustment Rate – L&P			
Service	Proposed Current Annual FAR	Now-Effective Current Annual FAR	Difference
Primary	\$0.00325	\$0.00180	\$0.00145 Increase
Secondary	\$0.00329	\$0.00180	\$0.00149 Increase

The proposed changes to the FARs will result in an increase to a typical MPS residential customer’s bill of approximately \$0.78 per month and an increase to a typical L&P residential customer’s bill of approximately \$1.29 per month, based on an average use of 867 kWh per month, respectively.

Staff reviewed 6<sup>th</sup> Revised Sheet No. 127, the direct testimony of Linda J. Nunn and workpapers in this filing, as well as GMO’s monthly information filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 12, 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 6<sup>th</sup> Revised Tariff Sheet No. 127 and the supporting schedules of Linda J. Nunn’s direct testimony. 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 Accumulation Period 12 and verified that the monthly interest rates and calculations of monthly interest amounts are correct for Accumulation Period 12.

The information filed with the revised tariff sheet and workpapers include sufficient data to calculate GMO's FARs based on the actual fuel, purchased power and emission allowance costs net of off-system sales revenue and base fuel, purchased power and emission allowance costs net of off-system sales revenue GMO provided for Accumulation Period 12.

Landfill Gas Facility

On December 21, 2012, GMO filed in File No. ER-2012-0175 an *Application for Waiver or Variance of 4 CSR 240-20.100(6)(A)16 for St. Joseph Landfill Gas Facility and Motion for Expedited Treatment*. The St. Joseph Landfill Gas Facility was built to comply with the Renewable Energy Standard ("RES"). Rule 4 CSR 240-20.100(6)(A)16 provides that RES compliance costs may only be recovered through a Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM") or as part of a general rate proceeding, but not through a fuel adjustment clause. The St. Joseph Landfill Gas Facility was deemed in-service March 30, 2012, and fuel costs for it began to flow through GMO's fuel adjustment clause. Landfill gas costs for Accumulation Period 12 (December 1, 2012 through May 31, 2012) were \*\* \_\_\_\_\_ \*\*.

On December 28, 2012, Staff filed *Staff's Response to KCP&L Greater Missouri Operations Company's Application for Waiver or Variance of 4 CSR 240-20.100(6)(A)16 for St. Joseph Landfill Gas Facility*. In its response, Staff expressed that while it did not oppose GMO's application for waiver, its non-opposition is because of GMO's commitment to work with the parties to resolve these issues before GMO files its next general electric rate case.

On January 3, 2013, the Commission issued an *Order Granting Waiver* with an effective date of January 4, 2013, granting GMO relief from Commission Rule 4 CSR 240-20.100(6)(A)16 for purposes of Case Nos. ER-2012-0175 and ER-2013-0341, i.e., the Commission is allowing GMO to flow its St. Joseph landfill gas facility RES compliance costs through its FAC rather than through a RESRAM or as part of a general rate proceeding.

Based on the Commission's approval of GMO's request for a waiver from Commission Rule 4 CSR 240-20.100(6)(A)16, Staff will continue to work with the Company to reach a resolution concerning the treatment of the costs of landfill gas purchased for the Company's St. Joseph Landfill Gas Facility.

Staff Recommendation

The Staff is of the opinion that GMO timely filed 6<sup>th</sup> Revised Tariff Sheet No. 127 and that it complies with the Commission's *Report and Order* in Case No. ER-2012-0175, 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 6<sup>th</sup> Revised Tariff Sheet No. 127, filed July 1, 2013, become effective on September 1, 2013. Thus, the tariff sheet was filed with 62 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on July 1, 2013, to become effective on September 1, 2013, as requested by GMO:

P.S.C. Mo. No. 1  
6<sup>th</sup> Revised Sheet No. 127 Canceling 5<sup>th</sup> Revised Sheet No. 127

Staff has verified that GMO is not delinquent on any assessment and has filed its 2012 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). Other than the true-up amount that is the subject of Case No. ER-2014-0001, 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**

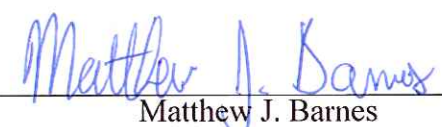
In the Matter of KCP&L Greater Missouri            )  
Operations Company for Authority to                )  
Implement Rate Adjustments Required by            )  
4 CSR 240-2.090(4) and the Company's            )  
Approved Fuel Adjustment Clause                    )

Case No. ER-2014-0002

**AFFIDAVIT OF MATTHEW J. BARNES**


STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF COLE     )

Matthew J. Barnes, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Matthew J. Barnes

Subscribed and sworn to before me this 30<sup>th</sup> day of July, 2013.

**SUSAN L. SUNDERMEYER**  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Callaway County  
My Commission Expires: October 03, 2014  
Commission Number: 10942086

  
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Notary Public