

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. ER-2016-0165, Tariff Tracking No. JE-2016-0170  
KCP&L Greater Missouri Operations Company

FROM: Matthew J. Barnes, Utility Regulatory Auditor IV  
David C. Roos, Regulatory Economist III  
Curt B. Gateley, Utility Policy Analyst II

DATE: /s/ John A. Rogers 01/29/2016                      /s/ Jacob Westen 01/29/2016  
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-2012-0175.

DATE: January 29, 2016

### Staff Recommendation

The Staff recommends the Commission issue an order approving the proposed 11<sup>th</sup> Revised Sheet No. 127 of the Fuel Adjustment Clause ("FAC") of KCP&L Greater Missouri Operations Company ("GMO") as filed on December 30, 2015, to become effective on March 1, 2016, as requested by GMO.

### Discussion

On December 30, 2015, GMO filed one (1) tariff sheet<sup>1</sup> bearing a proposed effective date of March 1, 2016, to revise its current annual Fuel Adjustment Rates ("FARs") (Line Items 16 and 19 on 11<sup>th</sup> Revised Sheet No. 127) of its FAC. Included in the filing of December 30, 2015, is the testimony of GMO witness Linda J. Nunn and GMO's workpapers. On January 7, 2016, GMO notified Staff that it had identified that a portion of transmission costs was not included in the December 30, 2015 filing. On January 11, 2016, GMO filed a substitute tariff sheet along with revised workpapers to reflect the inclusion of the portion of transmission costs previously excluded. The testimony and revised workpapers include information supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustment

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<sup>1</sup> Tracking No. JE-2016-0170

**PR**

Appendix A

(“FPA”) amount of (\$434,102) for its MPS rate district (“MPS”) and (\$1,087,164) for its L&P rate district (“L&P”) for Accumulation Period 17 (June 1, 2015 through November 30, 2015) reflecting the sum of:

1. 95% of the difference between the jurisdictional 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 the jurisdictional Net Base Energy Cost for Accumulation Period 17 reflected on line 7 of 11<sup>th</sup> Revised Sheet No. 127 of (\$1,381,739) for MPS and (\$1,237,051) for L&P;
2. The true up of the under/over recovery for prior period amounts as a result of the FARs for Recovery Period 14 (September 1, 2014 through August 31, 2015) filed by GMO on December 30, 2015, in File No. ER-2016-0164 which is reflected on line 8 of 11<sup>th</sup> Revised Sheet No. 127 of an under-recovery of \$867,009 for MPS and an under-recovery of \$138,762 for L&P; and
3. The interest reflected on line 9 of 11<sup>th</sup> Revised Sheet No. 127, of \$80,628 for MPS and \$11,126 for L&P.

The MPS FAR of (\$0.00007) per kWh (line 13 of 11<sup>th</sup> Revised Sheet No. 127) is equal to the MPS FPA amount of (\$434,102) (line 11 of 11<sup>th</sup> Revised Sheet No. 127) divided by the estimated recovery period retail net system input (“NSI”) of 6,501,797,097 kWh (line 12 of 11<sup>th</sup> Revised Sheet No. 127).

Similarly, the L&P FAR of (\$0.00049) per kWh (line 13 of 11<sup>th</sup> Revised Sheet No. 127) is equal to the L&P FPA amount of (\$1,087,164) (line 11 of 11<sup>th</sup> Revised Sheet No. 127) divided by the estimated recovery period retail NSI of 2,236,756,908 kWh (line 12 of 11<sup>th</sup> Revised Sheet No. 127).

Because of differences in line losses for MPS and L&P of both primary and secondary voltage service levels<sup>2</sup>, the tariff sheet reflects different current period FARs for service taken at primary and secondary voltages in MPS and in L&P.

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<sup>2</sup> The voltage adjustment factors (VAFs) for MPS and L&P for both primary and secondary voltage service levels are included at the bottom of 11<sup>th</sup> Revised Sheet No. 127.

The current annual FARs are the sum of the current period FARs and the previous period FARs for MPS and L&P, as reflected on lines 16 and 19 of 11<sup>th</sup> Revised Sheet No. 127, respectively, for primary voltage service and secondary voltage service, respectively.

The Accumulation Periods, Recovery Periods, and other specifications of GMO's FAC Accumulation Period 17 (June 1, 2015 through November 30, 2015) are set out in its tariff sheets designated 2<sup>nd</sup> Revised Sheet Nos. 124 through 126 and Original Sheet Nos. 126.1 and 126.2.

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 voltage service in both the MPS and L&P rate districts.

| Current Annual Fuel Adjustment Rate per kWh - MPS |                             |                                  |                    |
|---|-----------------------------|----------------------------------|--------------------|
| Service   | Proposed Current Annual FAR | Now-Effective Current Annual FAR | Difference         |
| Primary   | (\$0.00024)                 | \$0.00248                        | \$0.00272 Decrease |
| Secondary   | (\$0.00024)                 | \$0.00255                        | \$0.00279 Decrease |
|   |                             |                                  |                    |
| Current Annual Fuel Adjustment Rate per kWh – L&P |                             |                                  |                    |
| Service   | Proposed Current Annual FAR | Now-Effective Current Annual FAR | Difference         |
| Primary   | (\$0.00064)                 | \$0.00134                        | \$0.00198 Decrease |
| Secondary   | (\$0.00065)                 | \$0.00138                        | \$0.00203 Decrease |

The proposed changes to the FARs will result in a decrease to a typical MPS residential customer's bill of approximately \$2.42 per month and a decrease to a typical L&P residential customer's bill of approximately \$1.76 per month, based on an average use of 868 kWh per month. The decrease in the FAR for MPS is caused as a result of a decrease in purchased power costs. The decrease in the FAR for L&P is caused as a result of a decrease in fuel costs and purchased power costs.

Staff reviewed the 11<sup>th</sup> Revised Sheet No. 127, the direct testimony of Linda J. Nunn and the workpapers in this filing, as well as GMO's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 17, 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 11<sup>th</sup> Revised Tariff Sheet No. 127 and the supporting workpapers 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 17 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 GMO's FARs based on the actual fuel, purchased power and emission allowance costs net of off-system sales revenue plus renewable energy credit revenue GMO provided for Accumulation Period 17.

#### 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 17 (June 1, 2015 through November 30, 2015) 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's order allows 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 11<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 11<sup>th</sup> Revised Tariff Sheet No. 127, filed December 30, 2015, become effective on March 1, 2016. The Company filed the tariff sheet with 61 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on December 30, 2015, to become effective on March 1, 2016, as requested by GMO:

P.S.C. Mo. No. 1  
11<sup>th</sup> Revised Sheet No. 127 Canceling 10<sup>th</sup> Revised Sheet No. 127

Staff has verified that GMO is not delinquent on any assessment and has filed its 2014 Annual Report. GMO 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). Other than the true-up amounts that are the subject of Case No. ER-2016-0164, 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         | ) | File No. ER-2016-0165 |
| 4 CSR 240-20.090(4) and the     | ) |                       |
| Company's Approved Fuel and     | ) |                       |
| Purchased Power Cost Recovery   | ) |                       |
| Mechanism                       | ) |                       |

**AFFIDAVIT OF MATTHEW J. BARNES**

STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF COLE     )

COMES NOW Matthew J. Barnes and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Matthew J. Barnes

Subscribed and sworn to before me this 29<sup>th</sup> day of January, 2016.

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| SUSAN L. SUNDERMEYER<br>Notary Public - Notary Seal<br>State of Missouri<br>Commissioned for Callaway County<br>My Commission Expires: October 28, 2018<br>Commission Number: 14942086 |
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\_\_\_\_\_  
Notary Public

**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 240-20.090(4) and the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism )  
)  
)  
) File No. ER-2016-0165  
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**AFFIDAVIT OF CURT B. GATELEY**

STATE OF MISSOURI )  
) ss  
COUNTY OF COLE )

**COMES NOW** Curt B. Gateley and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
Curt B. Gateley

Subscribed and sworn to before me this 29<sup>th</sup> day of January, 2016.

SUSAN L. SUNDERMEYER  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Callaway County  
My Commission Expires: October 28, 2018  
Commission Number: 14942086

  
Notary Public

**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 ) File No. ER-2016-0165  
4 CSR 240-20.090(4) and the )  
Company's Approved Fuel and )  
Purchased Power Cost Recovery )  
Mechanism )

**AFFIDAVIT OF DAVID C. ROOS**

**STATE OF MISSOURI** )  
  ) ss  
**COUNTY OF COLE** )

**COMES NOW** David C. Roos and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
David C. Roos

Subscribed and sworn to before me this 29<sup>th</sup> day of January, 2016.

SUSAN L. SUNDERMEYER  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Callaway County  
My Commission Expires: October 28, 2018  
Commission Number: 14942086

  
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Notary Public