

**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	)	<b><u>Case No. EO-2010-0191</u></b>
CSR 240-2.90(4) and the Company's Approved	)	Tariff No. JE-2010-0416
Fuel and Purchased Power Cost Recovery	)	
Mechanism.	)	

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Recommendation to Approve Tariff Sheet*, respectfully states the following:

1. On December 23, 2009, KCP&L Greater Missouri Operations Company (GMO) filed a tariff sheet to establish rate schedule to make a semi-annual adjustment to its Fuel Adjustment Clause (FAC) rates. GMO made the filing pursuant to the Missouri Public Service Commission's (Commission) *Report and Order* in general rate Case No. ER-2009-0090, in which the Commission last authorized GMO's FAC.

2. Commission Rule 4 CSR 240-20.090(4) provides that 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 to adjust its FAC rates." Staff must determine if GMO's proposed adjustment to the FAC is in accordance with 4 CSR 240-20.090, §386.266 RSMo. (Supp. 2009), and the "FAC mechanism established in the most recent general rate proceeding." *Id.*

3. In the attached Memorandum (Appendix A), Staff presents its examination, analysis and recommendation that the Commission issue an *Order* approving GMO's Tariff

Sheet, P.S.C. Mo. No. 1, 1<sup>st</sup> Revised Sheet 127.5 Cancelling Original Sheet No. 127.5, as filed on December 23, 2009 to be effective on March 1, 2010, subject to true-up and prudence reviews.

**WHEREFORE**, the Staff recommends that the Commission issue an interim rate adjustment Order approving GMO's Tariff Sheet, P.S.C. MO. No. 1, 1<sup>st</sup> Revised Sheet 127.5 Canceling Original Sheet No. 127.5, as filed on December 23, 2009, to become effective on March 1, 2010, subject to true-up and prudence review.

Respectfully submitted,

/s/ Jaime N. Ott

Jaime N. Ott  
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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 22<sup>nd</sup> day of January 2010.

/s/ Jaime N. Ott

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. EO-2010-0191, Tariff Tracking No. JE-2010-0416  
KCP&L Greater Missouri Operations Company

FROM: Tom Imhoff, Rate & Tariff Examination Supervisor  
Mack McDuffey, Rate & Tariff Examiner II  
Matt Barnes, Utility Regulatory Auditor IV

<u>John Rogers</u>	<u>1/22/2010</u>	<u>Jaime Ott</u>	<u>1/22/2010</u>
Energy Department / Date		Staff Counsel Division / Date	

SUBJECT: Staff Recommendation for **Approval** of Tariff Sheet Filed to Change Revenues Related to KCP&L Greater Missouri Operations Company Fuel Adjustment Clause Pursuant to the Commission's Report and Order from Case Nos. ER-2007-0004 and ER-2009-0090.

DATE: January 22, 2010

On December 23, 2009, KCP&L Greater Missouri Operations Company (GMO) filed with the Commission one (1) tariff sheet bearing a proposed effective date of March 1, 2010. The tariff sheet is labeled P.S.C. MO. No. 1, 1<sup>st</sup> Revised Sheet No. 127.5 and is designed to change the factors used to determine the separately stated Rider FAC Adjustment charge that appears on customer bills. Generally, that Rider FAC Adjustment charge is designed to collect, for each accumulation period, the difference between what GMO's actual total energy costs were during the accumulation period and a base energy cost determined by multiplying the kWhs of electricity used during the accumulation period by a base energy cost per kWh established in a general rate case. GMO filed this tariff sheet to implement collection of the difference between its actual energy costs and the base energy costs for the accumulation period June 1, 2009 through

November 30, 2009—Accumulation Period 5. Original Sheet No. 127.5 is one of the tariff sheets implementing the changes to GMO's Fuel Adjustment Clause made in GMO's last general rate case, Case No. ER-2009-0090. It has no values for Cost Adjustment Factors; therefore, the previous period Cost Adjustment Factor in 1<sup>st</sup> Revised Sheet No. 127.5 is the current period Cost Adjustment Factors of 4<sup>th</sup> Revised Sheet No. 127, which recovers costs for Accumulation Period 4.

The current annual Cost Adjustment Factors are the sum of the previous period Cost Adjustment Factors and the current period Cost Adjustment Factors. Because GMO has a different base energy costs for the two service areas it formerly served as Aquila, Inc. d/b/a/ Aquila Networks – MPS (MPS on tariff sheet) and Aquila Networks - L&P (L&P on tariff sheet), there are two current period and two current annual Cost Adjustment Factors. Further, because of a difference in losses, there are different Cost Adjustment Factors for service taken at primary and secondary voltages. The accumulation periods, recovery periods, and other specifications of GMO's Fuel Adjustment Clause (FAC) are set out in its tariff sheets designated Sheet Nos. 124 through 127, and 127.1 through 127.5, which also describe how GMO is to calculate the Cost Adjustment Factor for the next twelve-month Recovery Period 5 (March 1, 2010 through February 28, 2011). *See* Timeline in Appendix A for information on the accumulation periods and recovery periods.

GMO filed this tariff sheet, and accompanying testimony and workpapers, to comply with 4 CSR 240-3.161, 4 CSR 240-20.090, §386.266 RSMo (2009), the Commission's *Report and Order* issued in Case No. ER-2007-0004 and the Commission's *Report and Order* issued in Case No. ER-2009-0090. Staff reviewed and discussed with GMO personnel the information and mathematical calculations in GMO's tariff sheet in this case, the testimony of Tim M. Rush, and workpapers for the difference between GMO's actual energy costs and base energy costs during Accumulation Period 5 (June 1, 2009 through November 30, 2009) and the determination of the current period and current annual Cost Adjustment Factors. Also included in the determination of the current period and current annual Cost Adjustment Factors are corrections to the interest outstanding balance and corrections to the interest calculation for a reduction of expense

calculation for prior period accumulated amounts that were not properly rolled into the related to a prior period billing adjustment. In Case No. ER-2009-0090<sup>1</sup> the Commission approved a change in the methodology agreed to by the parties for allocating total energy costs between the two service areas GMO formerly served as Aquila, Inc. d/b/a/ Aquila Networks - MPS and Aquila Networks - L&P. This methodology for allocating total energy costs is used in the last 3 months (September 1, 2009 through November 30, 2009) of Accumulation Period 5. Listed below are the present and new Annual Cost Adjustment Factors together with the change between them for Primary and Secondary service in both the MPS and L&P service areas.

Annual Cost Adjustment Factor - MPS			
Service	Present	Proposed	Difference
Primary	\$0.0062	\$0.0070	\$0.0008 Increase
Secondary	\$0.0064	\$0.0071	\$0.0007 Increase
Annual Cost Adjustment Factor – L&P			
Service	Present	Proposed	Difference
Primary	\$0.0032	\$0.0012	\$0.0020 Decrease
Secondary	\$0.0032	\$0.0012	\$0.0020 Decrease

As a result of its review and analysis, Staff has determined that the adjustments to the interest calculations, the old and new total energy cost allocation methods, and the Cost Adjustment Factors in the tariff sheet are correct for the next twelve-month Recovery Period 5 (March 1, 2010 through February 28, 2011). These new Cost Adjustment Factors will result in an increase of approximately \$0.65 in an MPS residential customer's monthly bill and a decrease of approximately \$1.80 in an L&P residential customer's monthly bill based on an average 700 kWh winter usage and an average 1200 kWh summer usage.

<sup>1</sup>ER-2009-0090, Order Approving Non-Unanimous Stipulations and Agreements and Authorizing Tariff Filing

Staff Recommendation

GMO timely filed its tariff sheet and the tariff sheet complies with the Commission's Report and Orders in Case Nos. ER-2007-004 and ER-2009-0090, as well as Commission rules 4 CSR 240-3.161 and 4 CSR 240-20.090. Staff, therefore, recommends the Commission issue an Order approving the following tariff sheet, as filed on December 23, 2009, to become effective on March 1, 2010, as requested by GMO, or permit the tariff sheet to go into effect by operation-of-law, subject to both true-up and prudence reviews:

P.S.C. MO. No. 1

1<sup>st</sup> Revised Sheet No. 127.5 Canceling Original Sheet No. 127.5

Staff has verified that GMO is not delinquent on any assessment or the filing of its annual report. Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

## KCP&L GMO Fuel Adjustment Clause (FAC) Timeline

### Periods

Accumulation	<b>A1</b> (Jun07-Nov07) ~ <b>A2</b> (Dec07-May08) ~ <b>A3</b> (Jun08-Nov08) ~ <b>A4</b> (Dec08-May09) ~ <b>A5</b> (Jun09-Nov09) ~ <b>A6</b> (Dec09-May10)
-	<b>A7</b> (Jun10-Nov10) ~ <b>A8</b> (Dec10-May11) ~ <b>A9</b> (Jun11-Nov11) ~ <b>A10</b> (Dec11-May12) ~ <b>A11</b> (Jun12-Nov12) ~ <b>A12</b> (Dec12-May13)
Recovery	<b>R1</b> (Mar08-Feb09) EO-2008-0216 ~ <b>R2</b> (Sep08-Aug09) EO-2008-0415 ~ <b>R3</b> (Mar09-Feb10) EO-2009-0254
-	<b>R4</b> (Sep09-Aug10) EO-2010-0002 ~ <b>R5</b> (Mar10-Feb11) EO-2010-0191 ~ <b>R6</b> (Sep10-Aug11) EO-2011-xxxx
-	<b>R7</b> (Mar11-Feb12) EO-2011-xxxx ~ <b>R8</b> (Sep11-Aug12) EO-2012-xxxx ~ <b>R9</b> (Mar12-Feb13) EO-2012-xxxx
-	<b>R10</b> (Sep12-Aug13) EO-2013-xxxx
True-Up	<b>T1</b> EO-2009-0431 ~ <b>T2</b> EO-2008-0415

Month #	2007	Jan 1 file	Feb	Mar	Apr	May	1 Jun	2 Jul 1 file	3 Aug	4 Sep	5 Oct	6 Nov	7 Dec
Accumulation	-						A1	A1	A1	A1	A1	A1	A2
Month #	2008	8 Jan 1 file	9 Feb	10 Mar	11 Apr	12 May	13 Jun	14 Jul 1 file	15 Aug	16 Sep	17 Oct	18 Nov	19 Dec
Accumulation	-	A2	A2	A2	A2	A2	A3	A3	A3	A3	A3	A3	A4
Recovery	-			R1	R1	R1	R1	R1	R1	R1	R1	R1	R1
Recovery	-								R2	R2	R2	R2	R2
Month #	2009	20 Jan 1 file	21 Feb	22 Mar	23 Apr	24 May	25 Jun	26 Jul 1 file	27 Aug	28 Sep	29 Oct	30 Nov	31 Dec
Accumulation	-	A4	A4	A4	A4	A4	A5	A5	A5	A5	A5	A5	A6
Recovery	-	R1	R1	R3	R3	R3	R3	R3	R3	R3	R3	R3	R3
Recovery	-	R2	R2	R2	R2	R2	R2	R2	R2	R4	R4	R4	R4
True-Up	-						GMO cal T4 Staff T4 Com. T4 apply T4						
Month #	2010	32 Jan 1 file	33 Feb	34 Mar	35 Apr	36 May	37 Jun	38 Jul 1 file	39 Aug	40 Sep	41 Oct	42 Nov	43 Dec
Accumulation	-	A6	A6	A6	A6	A6	A7	A7	A7	A7	A7	A7	A8
Recovery	-	R3	R3	R5	R5	R5	R5	R5	R5	R5	R5	R5	R5
Recovery	-	R4	R4	R4	R4	R4	R4	R4	R4	R6	R6	R6	R6
Month #	2011	44 Jan 1 file	45 Feb	46 Mar	47 Apr	48 May	49 Jun	50 Jul 1 file	51 Aug	52 Sep	53 Oct	54 Nov	55 Dec
Accumulation	-	A8	A8	A8	A8	A8	A9	A9	A9	A9	A9	A9	A10
Recovery	-	R5	R5	R7	R7	R7	R7	R7	R7	R7	R7	R7	R7
Recovery	-	R6	R6	R6	R6	R6	R6	R6	R6	R8	R8	R8	R8
Month #	2012	56 Jan 1 file	57 Feb	58 Mar	59 Apr	60 May	61 Jun	62 Jul 1 file	63 Aug	64 Sep	65 Oct	66 Nov	67 Dec
Accumulation	-	A10	A10	A10	A10	A10	A11	A11	A11	A11	A11	A11	A12
Recovery	-	R7	R7	R9	R9	R9	R9	R9	R9	R9	R9	R9	R9
Recovery	-	R8	R8	R8	R8	R8	R8	R8	R8	R10	R10	R10	R10

**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 and Purchased Power Cost )  
Recovery Mechanism )

Case No. EO-2010-0191

**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.

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

Subscribed and sworn to before me this 21<sup>st</sup> day of January, 2010.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
\_\_\_\_\_  
Notary Public



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

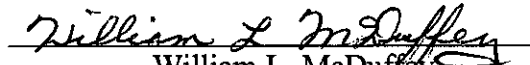
In the Matter of KCP&L Greater Missouri )  
Operations Company for Authority to )  
Implement Rate Adjustments Required by )  
4 CSR 240-2.090(4) and the Company's )  
Approved Fuel and Purchased Power Cost )  
Recovery Mechanism )

Case No. EO-2010-0191  
File No. JE-2010-0416

**AFFIDAVIT OF WILLIAM L. MCDUFFEY**

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

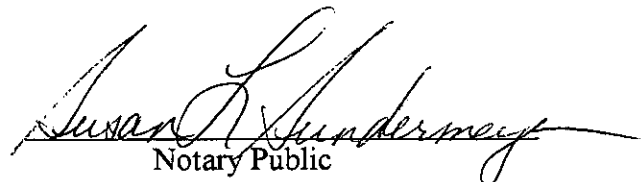
William L. McDuffey, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in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

  
William L. McDuffey

Subscribed and sworn to before me this 22<sup>nd</sup> day of January 2010.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #08942086

  
Notary Public