

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Third Prudence Review of)
Costs Subject to the Commission-Approved Fuel)
Adjustment Clause of KCP&L Greater Missouri)
Operations Company)
Case No. EO-2011-0390

ORDER DIRECTING NOTICE, ESTABLISHING AN INTERVENTION DEADLINE AND SETTING A DEADLINE FOR REQUESTING A HEARING

Issue Date: June 13, 2011

Effective Date: June 13, 2011

On June 9, 2011, the Commission's Staff filed a notice indicating it that started its prudence audit of KCP&L Greater Missouri Operations Company's ("GMO") fuel adjustment clause on June 1, 2011. GMO has used a fuel adjustment clause since the Commission first approved one in File Number ER-2007-0004. Section 386.266.4(4), RSMo Supp. 2010, the statute that authorizes an electric utility to use a fuel adjustment clause, requires the Commission to conduct a prudence review of the utility's fuel costs no less frequently than at 18-month intervals. The 18-month prudence review is also required by Commission Rule 4 CSR 240-20.090(7), which states:

(7) Prudence Reviews Respecting RAMs.¹ A prudence review of the costs subject to the RAM shall be conducted no less frequently than at eighteen (18)-month intervals.

(A) All amounts ordered refunded by the commission shall include interest at the electric utility's short-term borrowing rate.

(B) The staff shall submit a recommendation regarding its examination and analysis to the commission not later than one hundred eighty (180) days after the staff initiates its prudence audit. The timing and frequency of prudence

¹ 4 CSR 240.090(1)(G) defines "RAM" as follows: "Rate adjustment mechanism (RAM) refers to either a fuel adjustment clause or interim energy charge."

audits for each RAM shall be established in the general rate proceeding in which the RAM is established. The staff shall file notice within ten (10) days of starting its prudence audit. The commission shall issue an order not later than two hundred ten (210) days after the staff commences its prudence audit if no party to the proceeding in which the prudence audit is occurring files, within one hundred ninety (190) days of the staff's commencement of its prudence audit, a request for a hearing.

1. If the staff, OPC or other party auditing the RAM believes that insufficient information has been supplied to make a recommendation regarding the prudence of the electric utility's RAM, it may utilize discovery to obtain the information it seeks. If the electric utility does not timely supply the information, the party asserting the failure to provide the required information must timely file a motion to compel with the commission. While the commission is considering the motion to compel the processing timeline shall be suspended. If the commission then issues an order requiring the information to be provided, the time necessary for the information to be provided shall further extend the processing timeline. For good cause shown the commission may further suspend this timeline.

2. If the timeline is extended due to an electric utility's failure to timely provide sufficient responses to discovery and a refund is due to the customers, the electric utility shall refund all imprudently incurred costs plus interest at the electric utility's short-term borrowing rate.

Because the rule requires Staff to file its recommendation regarding the audit no later than 180 days after it initiates the audit, Staff's audit will be due on November 28, 2011. Additionally, the deadline for requesting a hearing will be December 8, 2011. The Commission will give notice the commencement of Staff's audit to potentially interested parties, and will set a date for the filing of requests to intervene.

THE COMMISSION ORDERS THAT:

1. The Missouri Public Service Commission's Data Center shall mail a copy of this notice to each of the parties in GMO's most recent rate case, ER-2010-0356.

2. Any entity wishing to intervene in this matter shall file an application to intervene no later than June 30, 2011. Such applications shall be filed by delivery to:

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

or by using the Commission's electronic filing and information system.

3. Any request for a hearing shall be filed no later than December 8, 2011.
4. This order shall become effective immediately upon issuance.

BY THE COMMISSION

(S E A L)



Steven C. Reed
Secretary

Harold Stearley, Senior Regulatory Law Judge,
by delegation of authority pursuant to
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 13th day of June, 2011.