

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

In the Matter of the Second Prudence Review)
of Costs Subject to the Commission-Approved)
Fuel Adjustment Clause of Kansas City Power)
and Light Company)

Case No. EO-2019-

STAFF’S NOTICE OF START OF SECOND PRUDENCE REVIEW

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its Notice of Start of Second Prudence Review, respectfully states to the Missouri Public Service Commission (“Commission”):

1. The tariff of Kansas City Power and Light Company (“KCPL”) provides that as part of its fuel adjustment clause (“FAC”) there “shall be prudence reviews of costs” that “shall occur no less frequently than at 18-month intervals.”¹ This tracks the language of both Commission Rule 4 CSR 240-20.090(7) and § 386.266.4(4) RSMo as supplemented.

2. In KCPL’s general electric rate case, Case No. ER-2014-0370, the Commission approved KCPL to have a FAC effective September 29, 2015. The FAC’s accumulation periods are two six-month accumulation periods each year, January-June and July- December.²

3. Staff plans to conduct its second prudence review of the costs and revenues associated with KCPL’s FAC for the period January 1, 2017, to June 30, 2018. Staff’s first prudence review, Case No. EO-2016-0231, covered the period September 29, 2015 through December 31, 2016.

¹ Kansas City Power and Light Company Rider FAC Second Revised Tariff Sheet No. 50.9.

² Kansas City Power and Light Company Rider FAC Fourth Revised Tariff Sheet No. 50.

4. Rule 4 CSR 240-20.090(7)(B), in part, provides: “The Staff shall file notice within ten (10) days of starting its prudence audit.” It also establishes the following schedule by which certain events are to take place based on the date the Staff starts its prudence review:

Time from start of Staff prudence review to event	Event
Within 180 days	Submission of Staff recommendation to Commission regarding Staff’s examination and analysis
Within 190 days	Request for hearing
Within 210 days	Commission Order, if no hearing requested

5. Staff initiated its second prudence review of the costs and revenues associated with KCPL’s Commission-approved FAC on September 4, 2018. Staff plans to file its recommendation to the Commission regarding the Staff’s examination and analysis in this case by February 28, 2019.

6. The following table identifies KCPL’s Commission-approved FAC tariff sheets which were applicable for electric service provided to its customers during the review period January 1, 2017, to June 30, 2018.

January 1 , 2017 through June 7, 2017	June 8, 2017 through June 30, 2018
Fourth Revised Sheet No. 50 Third Revised Sheet No. 50.1 Second Revised Sheet No. 50.2 Second Revised Sheet No. 50.3 Second Revised Sheet No. 50.4 Second Revised Sheet No. 50.5 Second Revised Sheet No. 50.6 Second Revised Sheet No. 50.7 Second Revised Sheet No. 50.8 Second Revised Sheet No. 50.9 Third Revised Sheet No. 50.10	First Revised Sheet No. 50.11 First Revised Sheet No. 50.12 First Revised Sheet No. 50.13 First Revised Sheet No. 50.14 First Revised Sheet No. 50.15 First Revised Sheet No. 50.16 First Revised Sheet No. 50.17 First Revised Sheet No. 50.18 First Revised Sheet No. 50.19 Third Revised Sheet No. 50.20

7. Staff may change its examination approach during this review, and in future prudence reviews as well, based on the particular circumstances existing at the time of the review. The Staff's Energy Resources Department is responsible for this prudence review. The Staff plans to include in its recommendation the following:

Section 1 - Standard of Prudence

A. The standard requires documentation and includes other Commission principles as appropriate, such as the Commission's Affiliate Transactions Rules, which also require documentation.

Section - 2 Review Scope

- A. Presently Known Areas To Review:
1. KCPL's Total Book Costs of Fuel Consumed in KCPL's Generating Units
 2. Purchased Power Energy Charges, Including Applicable Transmission Fees
 3. Southwest Power Pool Variable Costs

4. Emission Allowance Costs and Revenues
 5. Off System Sales Revenue
- B. Tests/Investigations to Address/Discover Other Significant Items Impacting Fuel and Purchased Power Cost Recovery Amount:
1. Comparison of Base Fuel Components and Amounts to Claimed Cost Components and Amounts
 2. Plant Outages
 3. Fuel, Freight and Transportation / Purchase Power Contracts

WHEREFORE, the Staff of the Missouri Public Service Commission hereby provides notice that it started its second prudence review of the costs and revenues associated with KCPL's Commission-approved fuel adjustment clause on September 4, 2018, for the review period of January 1, 2017, to June 30, 2018, and that it plans to file its recommendation regarding the Staff's examination and analysis in this case by February 28, 2019.

Respectfully submitted,

/s/ Robert S. Berlin

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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 7th day of September, 2018.

/s/ Robert S. Berlin