

**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)	<u>Case No. ER-2010-0385</u>
CSR 240-2.090(4) and the Company's)	Tariff No. JE-2010-0765
Approved 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. KCP&L Greater Missouri Operations Company (GMO) filed a tariff sheet on June 30, 2010 to make a semi-annual change to its fuel adjustment clause rates as the Missouri Public Service Commission authorized in its *Report and Order* in GMO's last general rate case, Case No. ER-2009-0090.

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." In that recommendation Staff is to report its determination of whether the proposed adjustment to the rates complies 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 for the Commission to issue an *Order* approving GMO's Tariff Sheet, P.S.C. Mo. No. 1, 2nd Revised Sheet 127.5 Canceling 1st Revised Sheet No. 127.5, as filed

on as filed on June 30, 2010, to become effective on September 1, 2010, as requested by GMO, and consistent with the provisions of GMO's tariff regarding its fuel adjustment clause.

WHEREFORE, the Staff recommends that the Commission issue an interim rate adjustment Order approving GMO's Tariff Sheet, P.S.C. Mo. No. 1, 2nd Revised Sheet 127.5 Canceling 1st Revised Sheet No. 127.5, as filed on June 30, 2010, to become effective on September 1, 2010, subject to true-up and prudence review.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams
Deputy Counsel
Missouri Bar No. 35512

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 30th day of July 2010.

/s/ Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2010-0385, Tariff Tracking No. JE-2010-0765
KCP&L Greater Missouri Operations Company

FROM: Mack McDuffey, Rate and Tariff Examiner II
Matthew Barnes, Utility Regulatory Auditor IV

DATE: /s/ John Rogers 07/30/2010 /s/ Nathan Williams 07/30/2010
Energy Department / 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-2009-
0090.

DATE: July 30, 2010

On June 30, 2010, KCP&L Greater Missouri Operations Company (GMO) filed one (1) tariff sheet bearing a proposed effective date of September 1, 2010 to revise its Cost Adjustment Factors ("CAF") (Items 15 and 18 on Sheet No. 127.5) of its Fuel Adjustment Clause ("FAC"). Included in the filing are the proposed tariff sheet, the testimony of Tim M. Rush and GMO's work papers. The testimony and work papers included information supporting GMO's calculation of the CAFs for Accumulation Period 6 (December 1, 2009 through May 31, 2010) resulting from: 1) 95% of the difference between GMO's actual fuel and purchased power costs and GMO's base energy costs, and 2) the true up of the over/under recovery amount as a result of the CAFs for Recovery Period 3 (March 1, 2009 through February 28, 2010).

The current annual CAFs are the sum of the previous period CAFs (for Recovery Period 5—March 1, 2010 through February 28, 2011) and the current period CAFs (for Recovery Period 6—September 1, 2010 through August 31, 2011). Because GMO has different base energy costs for the two service areas it formerly served as Aquila, Inc. d/b/a/ Aquila Networks – MPS (MPS on the tariff sheet) and Aquila Networks - L&P (L&P on the tariff sheet), there are two previous period CAFs, two current period CAFs and two current annual CAFs. Further, because of a

difference in line losses, there are different CAFs for service taken at primary and secondary voltages. The Accumulation Periods, Recovery Periods, and other specifications of GMO's FAC are set out in its tariff sheets designated Sheet Nos. 124 through 126 and 127.1 through 127.5.

Listed below are the proposed CAF's and previous CAF's together with the changes between them for Primary and Secondary service in both the MPS and L&P service areas.

Annual Cost Adjustment Factor - MPS			
Service	Proposed CAF	Previous CAF	Difference
Primary	\$0.0065	\$0.0070	\$0.0005 Decrease
Secondary	\$0.0065	\$0.0071	\$0.0006 Decrease
Annual Cost Adjustment Factor – L&P			
Service	Proposed CAF	Previous CAF	Difference
Primary	\$0.0022	\$0.0012	\$0.0010 Increase
Secondary	\$0.0022	\$0.0012	\$0.0010 Increase

The proposed change to the CAFs will result in a decrease to a typical MPS residential customer's bill of approximately \$0.55 per month and an increase to a typical L&P residential customer's bill of approximately \$0.90 per month.

GMO's FAC Recovery Period 5 began with the March 2010 billing month and will end with the February 2011 billing month. Recovery Period 5 is for Accumulation Period 5, which was June 1, 2009 through November 30, 2009. GMO's FAC Recovery Period 6, for which this tariff filing was made, will begin with the September 2010 billing month and end with the August 2011 billing month. Recovery Period 6 is for Accumulation Period 6, which was December 1, 2009 through May 31, 2010. See Timeline attached for information on the accumulation periods and recovery periods.

Staff reviewed Tariff Sheet No. 127.5, the direct testimony of Tim M. Rush and work papers in this filing as well as GMO's monthly information filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 6 and verified that the actual fuel and purchased power costs match the fuel and purchased power costs in GMO's proposed Tariff Sheet No. 127.5 and the supporting schedules of Tim M. Rush's direct testimony. The Staff also reviewed GMO's monthly interest amount that is applied to the over/under base fuel and purchased power cost and verified that the interest rates and calculations are correct for Accumulation Period 6. The information filed with the revised tariff sheet, and workpapers as supplemented by GMO, include sufficient data to calculate adjustments to the CAFs based on the actual fuel, purchased power, and emissions costs net of off-system sales and base cost of fuel and purchased power provided by GMO for Accumulation Period 6.

Staff Recommendation

The Staff is of the opinion that GMO timely filed revised Tariff Sheet No. 127.5 and that it complies with the Commission's *Report and Order* in Case No. ER-2009-0090, 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 has requested that Tariff Sheet No. 127.5, filed June 30, 2010, become effective on September 1, 2010, the first cycle of GMO's September billing month. Thus, the tariff sheet was filed with 60 days' notice. The Staff, therefore, recommends the Commission issue an order approving the following proposed tariff sheet, as filed on June 30, 2010, to become effective on

September 1, 2010, as requested by GMO:

P.S.C. Mo. No. 1

2nd Revised Sheet No. 127.5 Canceling 1st Revised Sheet No. 127.5

The Staff has verified that GMO is not delinquent on any assessment and has filed its 2009 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). The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. GMO's current general rate case will have no effect on this filing.

KCP&L GMO Fuel Adjustment Clause (FAC) Timeline

Periods	
Accumulation	A1 (Jun07-Nov07) ~ A2 (Dec07-May08) ~ A3 (Jun08-Nov08) ~ A4 (Dec08-May09) ~ A5 (Jun09-Nov09) ~ A6 (Dec09-May10)
-	A7 (Jun10-Nov10) ~ A8 (Dec10-May11) ~ A9 (Jun11-Nov11) ~ A10 (Dec11-May12) ~ A11 (Jun12-Nov12) ~ A12 (Dec12-May13)
Recovery	R1 (Mar08-Feb09) EO-2008-0216 ~ R2 (Sep08-Aug09) EO-2008-0415 ~ R3 (Mar09-Feb10) EO-2009-0254
-	R4 (Sep09-Aug10) EO-2010-0002 ~ R5 (Mar10-Feb11) EO-2010-0191 ~ R6 (Sep10-Aug11) ER-2010-0385
-	R7 (Mar11-Feb12) EO-2011-xxxx ~ R8 (Sep11-Aug12) EO-2012-xxxx ~ R9 (Mar12-Feb13) EO-2012-xxxx
-	R10 (Sep12-Aug13) EO-2013-xxxx
True-Up	T1 EO-2009-0431 ~ T2 EO-2008-0415 ~ T3 ER-2010-0385
Prudence Rev	PR1 EO-2009-0115 ~ PR2 EO-2010-0167

Month #	1	2	3	4	5	6	7
2007	Jan 1 file	Feb	Mar	Apr	May	Jun	Jul 1 file
Accumulation						A1	A1
Prudence Rev						PR1	PR1
Month #	8	9	10	11	12	13	14
2008	Jan 1 file	Feb	Mar	Apr	May	Jun	Jul 1 file
Accumulation	A2	A2	A2	A2	A2	A3	A3
Recovery			R1	R1	R1	R1	R1
Recovery							R2
True-Up			T1	T1	T1	T1	T1
True-Up							T2
Prudence Rev	PR1	PR1	PR1	PR1	PR1	PR2	PR2
Month #	20	21	22	23	24	25	26
2009	Jan 1 file	Feb	Mar	Apr	May	Jun	Jul 1 file
Accumulation	A4	A4	A4	A4	A4	A5	A5
Recovery	R1	R1	R3	R3	R3	R3	R3
Recovery	R2	R2	R2	R2	R2	R2	R4
True-Up	T1	T1	T3	T3	T3	T3	T3
True-Up	T2	T2	T2	T2	T2	T2	T2
Prudence Rev	PR2	PR2	PR2	PR2	PR2		
Month #	32	33	34	35	36	37	38
2010	Jan 1 file	Feb	Mar	Apr	May	Jun	Jul 1 file
Accumulation	A6	A6	A6	A6	A6	A7	A7
Recovery	R3	R3	R5	R5	R5	R5	R5
Recovery	R4	R4	R4	R4	R4	R4	R6
True-Up	T3	T3					
True-Up							
Month #	44	45	46	47	48	49	50
2011	Jan 1 file	Feb	Mar	Apr	May	Jun	Jul 1 file
Accumulation	A8	A8	A8	A8	A8	A9	A9
Recovery	R5	R5	R7	R7	R7	R7	R7
Recovery	R6	R6	R6	R6	R6	R6	R8
Month #	56	57	58	59	60	61	62
2012	Jan 1 file	Feb	Mar	Apr	May	Jun	Jul 1 file
Accumulation	A10	A10	A10	A10	A10	A11	A11
Recovery	R7	R7	R9	R9	R9	R9	R9
Recovery	R8	R8	R8	R8	R8	R8	R10

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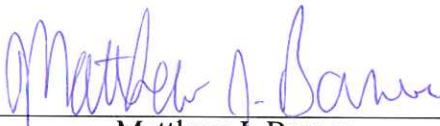
In the Matter of KCP&L Greater)
Missouri Operations Company for)
Authority to Implement Rate)
Adjustments Required by 4 CSR 240-)
2.090(4) and the Company's Approved)
Fuel and Purchased Power Cost)
Recovery Mechanism)

Case No. ER-2010-0385

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 30th day of July, 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-)
20.090(4) and the Company's Approved)
Fuel and Purchased Power Cost)
Recovery Mechanism)

Case No. EO-2010-0385

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 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.


William L. McDuffey

Subscribed and sworn to before me this 30th day of July, 2010.



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


Notary Public