

3. The OPC filed its *Response to Staff Recommendation* on August 5, 2019, raising two concerns: (1) the inclusion of the cost of the auxiliary power GMO used during the accumulation period for steam operations at its Lake Road station, and (2) the inclusion of the cost of removing from the retired Sibley generation facility coal and propane stored there.

4. GMO and Staff filed separate replies to the OPC's *Response to Staff Recommendation* on August 12, 2019. These replies both argued, among other things, that the concerns OPC raised are prudence issues to be evaluated during GMO's next FAC prudence review and not issues to be addressed in this FAC adjustment case.

5. GMO's and Staff's requests to postpone resolving the OPC's concerns until a later FAC prudence review case runs contrary to the plain requirements of rule 4 CSR 240-20.090, and would cause an unnecessary delay to ensuring fair and reasonable rates for Missouri citizens.

6. Rule 4 CSR 240-20.090(8)(F) states, "[s]taff shall review the information filed and submitted by the electric utility in accordance with this rule and additional information obtained through discovery, if any, to determine if the proposed adjustment to the [Fuel Adjustment Rates ("FARs")] is in accordance with the provisions of this rule, section 386.266, RSMo, **and the FAC mechanism established, continued, or modified in the utility's most recent general rate proceeding.**" (emphasis added). Rule 4 CSR 240-20.090(8)(H) further states that "[w]ithin sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall[,] . . . [i]f it determines the adjustment to the

FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, **and the FAC mechanism established in the electric utility's most recent general rate proceeding**, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule.” (emphasis added).

7. Based on the forgoing rule language, if any part of the proposed adjustments to GMO's FAC FAR is not in accordance with the FAC tariff language approved in GMO's most recent general rate case, this Commission is to “reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule.”

8. GMO's FAC tariff (Tracking No. JE-2009-0312) currently says, in part, that the only costs eligible for recovery through its FAC are “the Company's allocated Jurisdictional costs for the fuel component of the Company's generating units, purchased power energy charges including applicable Southwest Power Pool (“SPP”) charges, emission allowance costs and amortizations, cost of transmission of electricity by others associated with purchased power and off-system sales, all as incurred during the accumulation period.” Tracking No. *JE-2009-0312*, Tariff sheet No. 127.13. The two concerns raised by the OPC regard costs that do not fall within this definition of eligible costs, and hence cannot be included in the FAC FAR adjustment calculations, **regardless of whether they were prudently incurred**.

9. For example, the cost of providing auxiliary power to maintain GMO's **steam** operations is not one of the “costs for the fuel component of the Company's

generating units” or any of the other items listed as eligible costs in GMO’s tariff and, thus, cannot be included in GMO’s FAC FAR adjustment calculations when following the terms of GMO’s FAC tariff provisions under any circumstances.

10. As for inclusion of the cost of removal of coal and propane at the retired Sibley generation facility, this cannot fall within the definition of “costs for the fuel component of the Company’s generating units” because GMO retired all of the Sibley units before the start of the accumulation period of this case and, hence, none of them are generating electricity. Consequently, the cost of fuel and propane GMO has removed from the Sibley facility cannot be included in determining GMO’s FAC FAR adjustment calculations either.

11. Because the two concerns raise by the OPC represent costs that are not in accordance with “the FAC mechanism established, continued, or modified in the utility’s most recent general rate proceeding[,]” they cannot be included in calculating GMO’s FAC FAR adjustment calculations, regardless of whether it was prudent for GMO to have incurred those costs.

12. The OPC therefore formally requests that the Commission exercise its power under rule 4 CSR 240-20.090(8)(H) and “reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule” in order to deal with the inclusion of these FAC tariff ineligible costs in the calculation of GMO’s FARs.

WHEREFORE, the Office of the Public Counsel respectfully requests the Commission reject GMO’s proposed rate sheets, suspend the timeline of the FAC FAR

