

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

In the Matter of the Application of Kansas City)	
Power & Light Company for Approval to)	<u>File No. ET-2019-0237</u>
Modify Existing Tariffs for Residential)	Tracking No. YE-2019-0166
Time of Use)	

In the Matter of the Application of KCP&L)	
Greater Missouri Operations Company for)	<u>File No. ET-2019-0238</u>
Approval to Modify Existing Tariffs for)	Tracking No. YE-2019-0167
Residential Time of Use)	

STAFF MEMORANDUM

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its *Staff Memorandum*, states as follows:

1. On February 12, 2019, Kansas City Power & Light Company (KCPL) and KCP&L Greater Missouri Operations Company (GMO) filed applications (Applications) for approval to revise existing tariffs relating to Residential Time of Use (ToU). The Applications requested the revised tariffs become effective by April 15, 2019.

2. On February 13, 2019, the Commission ordered Staff to file a recommendation regarding KCPL’s and GMO’s tariffs no later than March 6, 2019; the Commission also ordered KCPL and GMO to file proposed tariff sheets in EFIS as actual tariffs.

3. On March 6, 2019, KCPL and GMO filed proposed ToU tariff sheets (Proposed Tariff Sheets) in EFIS. The proposed tariff sheets have issue dates of March 6, 2019, and proposed effective dates of April 5, 2019.¹

¹ Despite the difference of ten (10) days from the requested effective date in the Applications and the requested effective dates of the proposed sheets filed in EFIS, Staff Counsel notes that there are thirty (30) days between March 6, 2019, and April 5, 2019.

4. In KCPL's and GMO's most recent rate cases, Case Nos. ER-2018-0145 and ER-2018-0146, respectively, parties reached a Non-Unanimous Partial Stipulation and Agreement Concerning Rate Design Issues (Rate Design Agreement), which in part, included an agreement that KCPL and GMO shall offer a residential Time of Use rate "as originally proposed as a pilot by the Company in this case." The Rate Design Agreement, along with three other agreements, was approved by the Commission by its order dated October 31, 2018. KCPL's and GMO's compliance tariff filings were approved, as substituted, by the Commission on November 26, 2018.

5. KCPL and GMO represent that the Applications were filed to address needed changes to the compliance tariffs, more particularly to exclude weekday holidays² from the peak period; with this exclusion, KCPL and GMO would apply the rate for usage during the otherwise "on-peak" portion of weekday holidays from the seasonally-appropriate on-peak rate to the seasonally-appropriate off-peak rate.

6. Staff Counsel concludes that the Proposed Tariff Sheets make a change to the terms and conditions of service³ by excluding weekday holidays from the peak period. Further, KCPL Sheet 7 and GMO Sheet 146.5, which were approved as compliance tariffs, provide that residential ToU is available to customers meeting certain requirements on or after October 1, 2019. Thus, no customers currently take service under the tariff.⁴

² Holidays are defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

³ See GT-2016-0026, Order Denying Staff's Motion to Reject Tariffs, EFIS Item 9 (Sept. 2, 2015) (citing *State ex rel. Mo Gas Energy v. Pub. Serv. Com'n*, 210 S.W.3d 330,334 (Mo. App. W.D. 2006)).

⁴ Moreover, because parties agreed in the Rate Design Agreement that KCPL would file a rate design case limited to ToU issues by June 30, 2020, and GMO's September 20, 2016, Non-Unanimous Stipulation and Agreement in Case No. ER-2016-0156 will be expanded to include ToU, with the ToU rate design case to commence by June 30, 2020, Staff Counsel notes that this change to the terms and conditions of service may only apply to four (4) weekday holidays: Thanksgiving Day (Thursday, November 28, 2019), Christmas Day (Wednesday, December 25, 2019), New Year's Day (Wednesday, January 1, 2020), and Memorial

7. Based on the foregoing, and as described in the attached Staff Memorandum, Staff recommends the following KCPL tariff sheets be allowed to go into effect by operation of law:

PSC Mo. No. 7

First Revised Sheet No. 7A, Cancelling Original Sheet No. 7A

8. Based on the foregoing, and as described in the attached Staff Memorandum, Staff recommends the following GMO tariff sheets be allowed to go into effect by operation of law:

PSC Mo. No. 1

First Revised Sheet No. 146.6, Cancelling Original Sheet No. 146.6

WHEREFORE, Staff files its *Staff Memorandum* for the Commission's information and consideration and requests that the Commission allow the Proposed Tariff Sheets go into effect by operation of law.

Respectfully submitted,

/s/ Alexandra L. Klaus

Alexandra L. Klaus
Senior Counsel
Missouri Bar No. 67196
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
573-751-1854 (Voice)
573-751-9285 (Fax)
lexi.klaus@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and/or counsel of record on this 6th day of March, 2019.

/s/ Alexandra L. Klaus

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ET-2019-0237, Tariff Tracking No. YE-2019-0166
In the Matter of the Application of Kansas City Power & Light Company
for Approval to Modify Existing Tariffs for Residential Time of Use

and

Missouri Public Service Commission Official Case File
File No. ET-2019-0238, Tariff Tracking No. YE-2019-0167
In the Matter of the Application of KCP&L Greater Missouri Operations
Company for Approval to Modify Existing Tariffs for Residential Time of Use

FROM: Natelle Dietrich, Commission Staff Director

/s/ Natelle Dietrich 03/06/19
Commission Staff/Date

/s/ Alexandra L. Klaus 03/06/19
Staff Counsel's Office/Date

SUBJECT: Staff Recommendation Regarding Proposed Tariff Sheets Concerning Revisions to Residential Time of Use Rates and Proposed Tariff Sheets Concerning Revisions to Standby Service Rider Rates

DATE: March 6, 2019

DISCUSSION

On February 12, 2019, Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company (collectively, the "Company") filed applications for approval to revise Residential Time of Use ("ToU") rates. On March 6, 2019, Company submitted Revised Sheet No. 7A - KCPL TOU tariff sheet - in Case No. ET-2019-0237 and Tracking No. YE-2019-0166, and Revised Sheet No. 146.6 - GMO TOU tariff sheet - in Case No. ET-2019-0238 and Tracking No. YE-2019-0167.

Concurrently, the Company filed applications for approval to revise the rates of the Standby Service Rider (SSR) (KCP&L Sheets 28C through 28G; GMO Sheets 128.3 through 128.6), with the filing of sample proposed tariff sheets. However, it failed to submit the revised tariff sheets in EFIS.

Background

In KCPL's and GMO's most recent rate cases, Case Nos. ER-2018-0145 and ER-2019-0146, respectively, parties reached a Non-Unanimous Partial Stipulation and Agreement Concerning Rate Design Issues ("Rate Design Agreement"). The Rate Design Agreement included specimen Standby Service Rider ("SSR") tariff sheets including rates, as well as an agreement that KCPL and GMO shall offer a residential Time of Use ("ToU") rate "as originally proposed as a pilot by the Company in this case."

The September 19, 2019, Non-Unanimous Partial Stipulation and Agreement (September 19 Agreement) provided the relative revenue decreases applicable to each major revenue class. The Commission approved the Rate Design Agreement and the September 19 Agreement, as well as two other stipulations and agreements, by its Order dated October 31, 2018. Subsequently, KCPL and GMO made compliance tariff filings, which were approved, as substituted, by November 26 order of the Commission.

In its instant Application, KCPL and GMO represent that the compliance tariffs approved on November 26, 2018, did not capture the intent of all aspects of the ToU and SSR agreements. No customers currently take service under either tariff. According to KCPL and GMO, their proposed ToU tariff revisions would exclude weekday holidays from the peak period. Further according to KCPL and GMO, the proposed SSR revisions update rates to reflect final settlement as approved by the Commission on October 31, 2018.

Staff has reviewed the pending tariff sheets. As more fully explained below, from a policy perspective, Staff does not oppose the **ToU** tariff sheets taking effect by operation of law. Staff Counsel will provide its legal analysis related to the proposed tariff sheets in the cover pleading to accompany this recommendation. However, Staff was not aware of proposed revisions to the SSR tariff sheets and has additional questions, so the Company has not yet submitted those tariff sheets to EFIS. Staff recommends the Commission not take any action on the draft SSR tariff sheets at this time.

ToU Rates

KCPL's and GMO's proposed tariff revisions exclude "holidays" from the On-Peak definition of 4pm to 8pm on days Monday through Friday. The holidays are defined as

New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. This holiday definition is consistent with the definition provided on Sheet 153, in the Large Power Off-Peak Rider.¹

ToU rates were approved by the Commission in its October 31, 2018, order in Case Nos. ER-2018-0145 and ER-2019-0146; however, the ToU rates are not available to customers until October 1, 2019, and no customers currently take service under those tariff sheets. The proposed tariff change would apply the rate for usage during the otherwise "on-peak" portion of weekday holidays from the seasonally-appropriate on-peak rate to the seasonally appropriate off-peak rate.

From a policy perspective, Staff does not oppose the tariff sheets related to the ToU rates taking effect by operation of law in this situation, and makes no representations as to any similar changes in the future or any future ratemaking determinations. Staff will review the impacts and reasonableness of this change to the ToU rates as part of the periodic ToU updates to be provided by the Company consistent with the Rate Design Agreement. Staff reserves its right to raise any concerns related to the cost justification and related ratemaking issues in the Companies' next rate cases, and to propose modification to this and other elements of the ToU rate design.

Standby Service Rider Rates

Staff was not aware of the proposed revisions to the SSR rates prior to the instant Application and continues to have questions. Since no revised SSR tariff sheets were filed in EFIS, Staff recommends the Commission **NOT** take any action related to the proposed SSR tariff revisions at this time.

RECOMMENDATION

Staff has reviewed the **ToU** tariff sheets submitted by KCPL in Tariff Tracking No. YE-2019-0166 on March 6, 2019, and GMO in Tariff Tracking No. YE-2019-0167 on March 6, 2019. From a policy perspective, Staff recommends the Commission allow the **ToU** tariff sheets to take effect by operation of law. Staff further recommends the Commission **NOT** take any action related to the SSR tariff revision component of the Application.

¹ Under the Large Power Off-Peak Rider, on peak usage is all weekday non-holiday hours from 11:01 am through 6:59 pm.

Therefore, Staff recommends the following tariff sheets be allowed to go into effect by operation of law:

KCPL Tracking No. YE-2019-0166
PSC Mo. No. 7
Revised Sheet No. 7A

GMO Tracking No. YE-2019-0167
PSC Mo. No. 1
Revised Sheet No. 146.6

Staff Counsel will provide its legal analysis related to the proposed tariff sheets in the cover pleading to accompany this recommendation.

Staff has verified that KCPL is not delinquent on any assessment and has filed its 2017 Annual Report. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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

In the Matter of the Application of Kansas City)
Power & Light Company for Approval to) **File No. ET-2019-0237**
Modify Existing Tariffs for Residential) Tracking No. YE-2019-0166
Time of Use)

In the Matter of the Application of KCP&L)
Greater Missouri Operations Company for) **File No. ET-2019-0238**
Approval to Modify Existing Tariffs for) Tracking No. YE-2019-0167
Residential Time of Use)

AFFIDAVIT OF NATELLE DIETRICH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Natelle Dietrich, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation in memorandum form; and that the same is true and correct according to her best knowledge and belief.

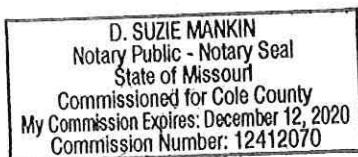
Further the Affiant sayeth not.



Natelle Dietrich

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of March, 2019.





Notary Public