

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

|   |   |                                     |
|---|---|-------------------------------------|
| In the Matter of the Application of KCP&L | ) |                                     |
| Greater Missouri Operations Company for   | ) | <b><u>File No. ER-2010-0356</u></b> |
| Approval to Make Certain Changes in its   | ) | Tariff No. JE-2010-0693             |
| Charges for Electric Service.             | ) |                                     |

**STAFF’S RESPONSE TO ORDER DIRECTING FILING**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and, as directed by the Commission in its Order Directing Filing issued May 24, 2011, responds to “KCP&L Greater Missouri Operations Company’s request for clarification regarding the fuel and purchased power amounts” as follows:

1. For its clarification request regarding the fuel and purchased power amounts, KCP&L Greater Missouri Operations Company (“GMO”) asserts determination of the rebased fuel and purchased power amounts included in rates requires use of the MIDAS<sup>TM</sup> model rather than Staff’s fuel and purchased power model and that Staff did not update emission allowance costs, fuel oil expense or transmission costs and in its final fuel modeling work excluded all bio fuel costs, limestone and ammonia costs, power activated carbon costs, residuals or fly ash costs and natural gas transportation costs.

2. Staff’s fuel and purchased power model runs in this case do not account for the costs of emission allowances, fuel oil, transmission, bio fuel, limestone, ammonia, powdered activated carbon, residuals fly ash and natural gas transportation. Staff accounts for these types of fuel-related costs outside of its fuel and purchased power model. GMO is correct that Staff did not include these fuel-related costs in the items that it trued-up through December 31, 2010. Staff did not include them in the items that Staff trued-up either through error, based on an

assumption that, as in past cases, they were insignificant to the revenue requirement, or because, also through error, Staff had never included the item (fly ash cost and start-up fuel cost) in its case. Staff did not true-up items in its true-up case that it had not included in its direct case.

3. As GMO indicates in paragraph 17 of its motion, where it states, “The Company became aware of these missing elements necessary in the calculation of the fuel and purchased power expenses on May 10 . . .,” it was not until after the Commission’s *Report and Order* was issued that GMO raised any of these fuel-related cost issues to Staff. GMO had the opportunity to raise these matters when it filed rebuttal testimony, during the evidentiary hearings—even as late as during the true-up phase.

4. It was not until GMO brought them to Staff’s attention on May 10, 2010, and later did Staff realize it had made errors even as early as in its direct case, and that certain fuel-related costs it did not true-up had material impacts on GMO’s revenue requirement, unlike in prior cases.

5. Staff agrees that emission allowance costs, fuel oil expense, transmission costs, bio fuel costs, limestone costs ammonia costs, powdered activated carbon costs, residuals or fly ash costs, natural gas transportation costs and, additionally start-up fuel costs true-up through December 31, 2010, should be included in determining the revenue requirements of MPS, L&P and GMO. Staff’s determination of the impact on the revenue requirements due to changing fuel-related costs is to increase them by the following amounts: MPS—\$5.1 million, L&P—\$479,000 and GMO—\$5.5 million.

6. Due to the multiple severe weather warnings today in Jefferson City, Staff is unable to comply with the 3:00 p.m. filing deadline.

**WHEREFORE**, Staff’s response to “KCP&L Greater Missouri Operations Company’s

request for clarification regarding the fuel and purchased power amounts” is set forth above, and Staff requests leave to late-file same due to severe weather warnings.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams  
Deputy Counsel  
Missouri Bar No. 35512

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-8702 (Telephone)  
(573) 751-9285 (Fax)  
[nathan.williams@psc.mo.gov](mailto:nathan.williams@psc.mo.gov)

### **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 25<sup>th</sup> day of May, 2011.

/s/ Nathan Williams