

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

In the Matter of the Eighth Prudence)	
Review of Costs Subject to the)	
Commission-Approved Fuel)	Case No. EO-2019-0067
Adjustment Clause of KCP&L Greater)	
Missouri Operations Company)	

**RESPONSE TO STAFF’S EIGHTH PRUDENCE REVIEW REPORT, REQUEST
FOR AN EVIDENTIARY HEARING, AND REQUEST FOR CONSOLIDATION**

COMES NOW the Office of the Public Counsel (“OPC”) and for its *Response to Staff’s Eighth Prudence Review Report, Request for an Evidentiary Hearing, and Request for Consolidation*, states as follows:

1. The Staff of the Missouri Public Service Commission (“Staff”) initiated its eighth prudence review of the costs subject to KCP&L Greater Missouri Operations Company (“GMO”)’s Fuel Adjustment Clause (“FAC”) on September 4, 2018, and provided notice of same through a filing made on September 7, 2018.
2. Staff subsequently completed its review and filed its *Eighth Prudence Review Report* on February 28, 2019. According to its *Eighth Prudence Review Report* Staff found no evidence of imprudence for the items it examined during the review period in question.
3. The OPC disagrees with Staff that there is no evidence GMO was imprudent with regard to several of the items Staff examined during its prudence review.

4. First, the OPC disagrees with Staff's assessment that there is no evidence that GMO imprudently included in its FAC charges costs related to auxiliary power used at its Lake Road facility for GMO's steam operations during the review period.

5. Specifically, the OPC's investigation has led it to believe that, during this prudence review period, GMO has included costs in its FAC charges related to the fuel used to generate auxiliary power consumed by its Lake Road facility for GMO's steam operations and, as a result, GMO's electrical customers have been subsidizing expenses GMO incurred on behalf of its steam customers.

6. Further, while the Staff's *Report* is correct that this issue is before the Commission in Case No. ER-2019-0198 (but only for five of the eighteen months of this prudence review period), the OPC disagrees with Staff's assessment that the prudence of GMO's allocation of auxiliary power at its Lake Road facility should be determined in that case.

7. The OPC believes, instead, that the question of the prudence of GMO's allocation of auxiliary power at its Lake Roads facility should be addressed as part of this prudence review, and that Case No. ER-2019-0198 should be consolidated with this case for hearing and decision.

8. Second, while the OPC agrees with Staff that GMO's purchased power agreements ("PPAs") for the Osborne Wind Energy and Rock Creek Wind Projects are both creating significant amounts of costs in excess of the revenues GMO receives from them, the OPC disagrees with Staff's decisions not to recommend prudence

adjustments related to the financial performance of the energy portions of those PPAs and instead wait for a long, yet-to-be determined, period of time to pass before judging their prudence.

9. Unlike the other PPAs that Staff examined, GMO executed the Osborne Wind Energy and Rock Creek Wind Project PPAs relatively recently.

10. GMO thus had the benefit of its experiences with the accuracy of its forecasts for entering the prior PPAs at the time it was considering entering into the Osborne Wind Energy and Rock Creek Wind Project PPAs.

11. Based on that experience, it is the OPC's position that it was imprudent for GMO to enter into the Osborne Wind Energy and Rock Creek Wind Project PPAs.

12. Finally, The OPC requests an evidentiary hearing in this case regarding the matters discussed herein in compliance with 4 CSR 240-20.090(11)(B).

WHEREFORE, the Office of the Public Counsel respectfully submits this *Response to Staff's Eighth Prudence Review Report*, requests an evidentiary hearing in this case, and requests that Case No. ER-2019-0198 be consolidated with this case for hearing and decision.

Respectfully submitted,
OFFICE OF THE PUBLIC
COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the forgoing have been mailed, emailed, or hand-delivered to all counsel of record this eleventh day of March, 2019.

/s/ John Clizer