

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

In the Matter of KCP&L Greater Missouri)	
Operations Company's Annual RESRAM)	<u>File No. EO-2016-0100</u>
Filing)	Tariff No. JE-2016-0113

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through undersigned counsel, and for its *Staff Recommendation* in response to the Commission's November 13th Order¹, states as follows:

1. On November 2, 2015, KCP&L Greater Missouri Operations Company ("GMO") filed a new tariff sheet updating its Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM") rate that has been in effect since December 1, 2014 as approved by the Commission in Case No. EO-2014-0151. GMO's tariff sheet filing to update its RESRAM rate is required under GMO's Tariff Sheet No. 137.2 which requires the company to make a RESRAM filing each calendar year with the RESRAM rate to become effective in December of each year. GMO's new tariff sheet, Tariff No. JE-2016-0113, bears a December 1, 2015 effective date.

2. Based on Staff's review of the workpapers provided by GMO with this case filing and for reasons more fully explained in Staff's Memorandum, attached as Appendix A and incorporated herein for all purposes, the Staff has determined that GMO's current RESRAM rate of \$0.00094 per kWh remains unchanged for the next calendar year beginning December 1, 2015.

¹ On November 13, 2015, the Commission issued its *Order Directing Filing of Staff Recommendation and Setting a Deadline for Responses* ("Order") directing the Staff to file its recommendation in the above-captioned case no later than 12:00 p.m. noon on November 16, 2015 and setting 12:00 p.m. noon on November 17, 2015 as the deadline for any party wishing to file a response to Staff's recommendation.

3. Though GMO did not meet its requirement to file its new updated tariff sheet sixty days prior to the requested December 1st effective date, the Staff is unopposed to GMO's November 2nd *Motion for Expedited Treatment of Tariff* because no customers will experience any harm as a result of this tariff sheet taking effect on December 1st and because there is no change to the RESRAM rate. Accordingly the Staff recommends that the Commission enter an order allowing the new tariff sheet to take effect on December 1, 2015.

WHEREFORE, for the reasons discussed above, the Staff prays the Commission accept its Recommendation and enter an order approving GMO's RESRAM tariff sheet filing bearing an effective date of December 1, 2015:

P.S.C. MO. No. 1

1st Revised Sheet No. 137.3, canceling Original Sheet No. 137.3

Respectfully submitted,

/s/ Robert S. Berlin

Deputy Counsel

Missouri Bar No. 51709

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 16th day of November, 2015.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2016-0100, Tariff Filing JE-2016-0113

FROM: Robin Kliethermes, Regulatory Economist

/s/ Michael S. Scheperle 11/16/15
Economic Analysis Manager / Date

/s/ Robert S. Berlin 11/16/15
Staff Counsel's Office / Date

SUBJECT: Staff Recommendation to Enter an Order approving GMO RESRAM tariff filing and granting a Motion for expedited treatment to take effect on less than 30 days' notice effective December 1, 2015.

DATE: November 16, 2015

Background

On April 10, 2014, KCP&L Greater Missouri Operations Company ("GMO") filed an application to establish the recovery of Renewable Energy Standard ("RES") costs using a Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM") to recover expenditures to comply with the RES law, Section 393.1030, RSMo. The Commission assigned it Case No. EO-2014-0151. On November 18, 2014, the Commission issued an Order Approving Tariff filing and RESRAM rate effective December 1, 2014. The RESRAM was implemented and the rate was applied to customers' bills beginning December 1, 2014. GMO's RESRAM cost recovery is currently capped at an annual allowable RESRAM revenue requirement of \$7,582,117. This amount represents 1% of the electric retail customer revenues determined in GMO's last rate case, Case No. ER-2012-0175. This results in a RESRAM rate of \$0.00094/kWh applicable to customers' bills for the period of December 1, 2014 through November 30, 2015. But for this cap, GMO's annual RESRAM revenue requirement would be greater than \$7,582,117.¹

On November 2, 2015, KCP&L Greater Missouri Operations Company ("GMO") submitted a new RESRAM tariff filing updating its RESRAM rate. GMO's Tariff Sheet No. 137.2 states:

The Company shall make a RESRAM filing during each calendar year. Each filing shall become effective in December of each year and such Rider RESRAM filings shall be made at least sixty (60) days prior to their effective dates.

GMO failed to make its filing sixty days prior to the effective date for the new tariff filing required under the above-cited provision. The Missouri Public Service Commission Staff was apprised of GMO missing the sixty day prior filing date on October 23, 2015. GMO filed a Motion for Expedited Treatment of Tariff on November 2, 2015, requesting that the tariff sheet become effective December 1, 2015.

¹ In Case No. EO-2014-0151 the Company identified a RESRAM revenue requirement of \$27,772,754.

GMO stated that there will be no detriment to customers if the Commission processes this tariff on an expedited basis and makes the tariff effective December 1, 2015. GMO's retail customer revenues, as determined in the 2012 rate case have not changed since December 1, 2014 and GMO's current annual RESRAM revenue requirement would exceed the current RESRAM cost recovery applicable to GMO. Therefore, the allowable annual revenue requirement and current RESRAM rate remains unchanged.

A Commission "Order Directing Notice and Setting Intervention and Response Deadlines" ordered that no later than November 12, 2015, the Staff of the Missouri Public Service Commission shall file a pleading stating when it anticipates filing its recommendation in this matter.

Discussion

In addition to the \$27.8 million the Company identified as the RESRAM revenue requirement in EO-2014-0151² the Company identified an additional \$28.4 million of costs incurred from January 2014 through September 2015. Additionally, the Company also received RESRAM revenue of approximately \$6 million from December 2014 through September 2015. The net of GMO's RESRAM costs offset by its revenues received result in a total Company RESRAM revenue requirement of approximately \$50 million.

Staff reviewed workpapers provided by GMO in this case and agrees that the RESRAM rate has not changed since December 1, 2014, because GMO's current annual revenue requirement would exceed the current RESRAM cost recovery cap applicable to GMO. Therefore the allowable annual revenue requirement of \$7,582,117 and the current RESRAM rate of \$0.00094 remain unchanged. Staff notes that the workpapers provided by the company indicated only the applicable GMO balances, and not the full support for the level of each balance. These balances will be subject to review during the prudence reviews proscribed by GMO's RESRAM tariff.

Staff Recommendation

Staff has reviewed this compliance tariff sheet and GMO's workpapers along with GMO's explanation of good cause for this tariff sheet to take effect on less than 30 days' notice, and recommends the Commission enter an order that the following tariff sheet take effect on December 1, 2015:

P.S.C. MO. No. 1

1st Revised Sheet No. 137.3, canceling Original Sheet No. 137.3

Staff has verified that GMO is not delinquent on any assessment and has filed its Annual Report. GMO is current on its submission of its Surveillance Monitoring monthly reports as required by 4 CSR 240-20.100(6). Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. Staff's recommendation for approval of the RESRAM in this case is solely based on the accuracy of GMO's calculation.

² Includes costs incurred through December 2013.

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Missouri Operations Company's)
Annual RESRAM Tariff Filing) File No. EO-2016-0100

AFFIDAVIT OF ROBIN KLIETHERMES

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Comes now, Robin Kliethermes on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Memorandum; and that the same is true and correct according to her best knowledge and belief.


Further the Affiant sayeth not.



Robin Kliethermes

Subscribed and sworn to before me this 16th day of November, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public