

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

In the Matter of the First Prudence Review of)
Costs Subject to the Commission-Approved)
Fuel Adjustment Clause of Kansas City Power)
and Light Company)

Case No. EO-2017-_____

STAFF’S NOTICE OF START OF FIRST PRUDENCE AUDIT

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its Notice of Start of First Prudence Audit, respectfully states to the Missouri Public Service Commission (“Commission”):

1. The tariff of Kansas City Power and Light Company (“KCPL”) provides that as part of its fuel adjustment clause (“FAC”) there “shall be prudence reviews of costs” that “shall occur no less frequently than at 18-month intervals.”¹ This tracks the language of both Commission Rule 4 CSR 240-20.090(7) and § 386.266.4(4) RSMo Supp. 2013.

2. In KCPL’s last completed general electric rate case, Case No. ER-2014-0370, the Commission approved KCPL to have a FAC effective September 29, 2015. The FAC’s accumulation periods are two six-month accumulation periods each year, January-June and July- December.²

3. Staff plans to conduct its first prudence review of the costs and revenues associated with KCPL’s FAC for the period September 29, 2015, to December 31, 2016.

4. Rule 4 CSR 240-20.090(7)(B), in part, provides: “The Staff shall file notice within ten (10) days of starting its prudence audit.” It also establishes the following

¹ Kansas City Power and Light Company Rider FAC OriginalTariff Sheet No. 50.9

² Case No. ER-2014-0370.

schedule by which certain events are to take place based on the date the Staff starts its prudence audit:

Time from start of Staff prudence audit to event	Event
Within 180 days	Submission of Staff recommendation to Commission regarding Staff's examination and analysis
Within 190 days	Request for hearing
Within 210 days	Commission Order, if no hearing requested

5. Staff initiated its first prudence audit of the costs and revenues associated with KCPL's Commission-approved FAC on March 1, 2017. Staff plans to file its recommendation to the Commission regarding the Staff's examination and analysis in this case by August 28, 2017.

6. The following table identifies KCPL's Commission-approved FAC tariff sheets which were applicable for electric service provided to its customers during the review period September 29, 2015, through December 31, 2016:

Table 1
September 29, 2015 through December 31, 2016
2nd Revised Sheet No. 50
1st Revised Sheet No. 50.1
Original Sheet No. 50.2
Original Sheet No. 50.3
Original Sheet No. 50.4
Original Sheet No. 50.5
Original Sheet No. 50.6
Original Sheet No. 50.7
Original Sheet No. 50.8
Original Sheet No. 50.9

7. Staff may change its audit approach during this audit, and in future prudence audits as well, based on the particular circumstances existing at the time of the audit. The Staff's Energy Resources Department is responsible for this prudence audit. The Staff plans to include in its recommendation the following:

Section 1 - Standard of Prudence

A. The standard requires documentation and includes other Commission principles as appropriate, such as the Commission's Affiliate Transactions Rules, which also require documentation.

Section - 2 Audit Scope

- A. Presently Known Areas To Review
 - 1. KCPL's Total Book Costs of Fuel Consumed in KCPL's Generating Units
 - 2. Costs Associated with KCPL's Fuel Hedging Program
 - 3. Purchased Power Energy Charges, Including Applicable Transmission Fees
 - 4. Southwest Power Pool Variable Costs
 - 5. Emission Allowance Costs and Revenues
 - 6. Off System Sales
- B. Tests/Investigations to Address/Discover Other Significant Items Impacting Fuel and Purchased Power Cost Recovery Amount
 - 1. Comparison of Base Fuel Components and Amounts to Claimed Cost Components and Amounts
 - 2. Plant Outages

3. Fuel, Freight and Transportation / Purchase Power
Contracts

WHEREFORE, the Staff of the Missouri Public Service Commission hereby provides notice that it started its first prudence audit of the costs and revenues associated with KCPL's Commission-approved fuel adjustment clause on March 1, 2017, for the audit period of September 29, 2015, through December 31, 2016, and that it plans to file its recommendation regarding the Staff's examination and analysis in this case by August 28, 2017.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Staff Counsel
Missouri Bar No. 51709
Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7779 (Telephone)
(573) 751-9285 (Fax)
bob.berlin@psc.mo.gov (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 8th day of March, 2017.

/s/ Robert S. Berlin