

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of)	
KCP&L Greater Missouri Operations Company for)	<u>File No. ER-2011-0179</u>
Authority to Implement Rate Adjustments Required by)	
4 CSR 240-2.090(4) and the Company's Approved)	Tracking No. JE-2011-0326
Fuel and Purchased Power Cost Recovery Mechanism)	

INTERIM RATE ADJUSTMENT ORDER APPROVING TARIFF TO CHANGE FUEL ADJUSTMENT CLAUSE RATES

Issue Date: February 14, 2011

Effective Date: March 1, 2011

The Commission is approving the above-described tariff sheets ("the tariff"). The tariff shall become effective on March 1, 2011. For average residential customers, the tariff increases the bill by \$0.09 per month in the L&P service territory, and decreases the bill by \$ 0.87 per month in the MPS service territory.

On December 23, 2010, KCP&L Greater Missouri Operations Company ("the company") filed the tariff to adjust the company's rates pursuant to the company's fuel adjustment clause (FAC). Staff filed a recommendation favoring the tariff on January 21, 2011. No party has filed a response to that recommendation within the time set by Commission notice and order.¹ The Commission may decide the uncontested application without a hearing. Therefore, this action is a non-contested case.² The Commission may find the facts based on verified pleadings, and need not separately state its findings of fact.

¹ Issued on January 31, 2011.

² *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

Statutes and regulations provide that the Commission may grant an interim energy charge, or periodic rate adjustments, outside of general rate proceedings to reflect increases and decreases in the company's prudently incurred fuel and purchased power costs, including transportation.³ The Commission established the FAC for each service area at issue in Case No. ER-2007-0004,⁴ with modifications in File No. ER-2009-0090.⁵

The FAC process starts with GMO's fuel costs when the Commission set GMO's rates ("base energy costs"). During an accumulation period, the FAC process tracks fluctuations in GMO's fuel costs compared to base energy costs. The difference is a cost adjustment factor that estimates how to pass on the fluctuations in GMO's fuel costs to GMO's customers based on projected sales during a recovery period. After the recovery period, a true-up compares the projected sales with actual sales during the recovery period. Any difference applies to the next accumulation period. The FAC process results in a cost adjustment factor ("CAF") that affects customers' bills.

The tariff addresses fuel costs during the period June 2010 through November 2010, which increased by \$19 million over base costs. In accordance with the company's FAC, the tariff must recover from customers 95 percent of the company's net cost increases or decreases, as adjusted for certain amounts including previous over-recovery or under-recovery. The under-recovery and over-recovery amounts include those set by the

³ Section 386.266.1, RSMo Supp. 2009; 4 CSR 240-3.161 and 4 CSR 240-20.090.

⁴ *In the matter of Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P, for authority to file tariffs increasing electric rates for the service provided to customers in the Aquila Networks-MPS and Aquila Networks-L&P service area*, Report and Order issued May 17, 2007.

⁵ *In the Matter of the Application of KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in its Charges for Electric Service*, order issued July 30, 2009.

Commission in File No. ER-2011-0180.⁶ The tariff must also be consistent with the terms of the accounting authority order in File No. EU-2010-0034,⁷ which prescribes construction accounting for latan 2 and the latan Common Plant. The company and Staff agree, and the Commission independently finds and concludes, that the tariff meets those standards.

The tariff proposes to change the company's CAF as follows. For the MPS service territory:

<i>Service</i>	<i>Proposed</i>	<i>As Is</i>	<i>Difference</i>
Primary	\$0.0054	\$0.0065	\$0.0011 Decrease
Secondary	\$0.0055	\$0.0065	\$0.0010 Decrease

For the L&P service territory:

<i>Service</i>	<i>Proposed</i>	<i>As Is</i>	<i>Difference</i>
Primary	\$0.0022	\$0.0022	\$0.0000
Secondary	\$0.0023	\$0.0022	\$0.0001 Increase

Those amounts will apply from March 2011 through November 2011. The Commission independently finds and concludes that the tariff supports safe and adequate service at just and reasonable rates.

Therefore, the Commission will approve the tariff to become effective on March 1, 2011.

THE COMMISSION ORDERS THAT:

1. The tariff assigned Tracking No. JE-2011-0326 is approved as an interim rate adjustment, subject to true-up and prudence reviews, to become effective on March 1, 2011. The specific tariff sheet approved is:

⁶ *In the Matter of the Application of KCP&L Greater Missouri Operations Company Containing its Annual Fuel Adjustment Clause True-Up*, order dated February 14, 2011.

⁷ *In the Matter of the Application of KCP&L Greater Missouri Operations Company for Approval of an Accounting Authority Order*, order dated September 28, 2010.

PSC Mo. No. 1
3rd Revised Sheet No. 127.5, canceling 2nd Revised Sheet No. 127.5.

2. This order shall become effective on March 1, 2011.
3. This file shall close on March 2, 2011.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Daniel Jordan, Regulatory Law Judge,
by delegation of authority pursuant
to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 14th day of February, 2011.