

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

In the Matter of KCP&L Greater Missouri Operations)
Company's Request for Authority to Implement a) **File No. ER-2012-0175**
General Rate Increase for Electric Service.)

In the Matter of the Application of KCP&L Greater)
Missouri Operations Company for Authority to) **File No. ER-2013-0341**
Implement Rate Adjustments Required by 4 CSR)
240-20.090(4)¹ and the Company's Approved Fuel)
Adjustment Clause.)

**STAFF'S RESPONSE TO KCP&L GREATER MISSOURI OPERATIONS
COMPANY'S APPLICATION FOR WAIVER OR VARIANCE OF
4 CSR 240-20.100(6)(A)16 FOR ST. JOSEPH LANDFILL GAS FACILITY**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and files this Response with the Missouri Public Service Commission ("Commission") stating the following:

Background

1. On December 21, 2012,² KCP&L Greater Missouri Operations Company ("GMO" or "Company"), filed an *Application For Waiver Or Variance of 4 CSR 240-20.100(6)(A)16 For St. Joseph Landfill Gas Facility And Motion For Expedited Treatment* ("Application").

2. On December 24 and 26, the Commission issued Orders allowing the parties to file a response to the Application no later than December 28.

Renewable Energy Standard ("RES") Costs

3. Rule 4 CSR 240-20.100(6)(A)16 states "RES compliance costs shall only be recovered through an RESRAM or as part of a general rate proceeding and shall not

¹ The caption of the Company's Application said 4 CSR 240-2.090(4); Staff believes the correct cite is 4 CSR 240-20.090(4).

² All dates herein refer to calendar year 2012 unless otherwise noted.

be considered for cost recovery through an environmental cost recovery mechanism or ***fuel adjustment clause*** or interim energy charge.” (emphasis added).

4. Rule 4 CSR 240-20.100(1)(N) defines RES compliance costs as “...prudently incurred costs, both capital and expense, directly related to compliance with the Renewable Energy Standard.”

5. Staff asserts that some, perhaps all, of the cost of landfill gas purchased from the landfill owner for operation of the Company’s St. Joseph landfill gas facility are RES compliance costs. How one should calculate RES compliance costs is a question that arises from the relatively new RES rules, and one that the Commission undoubtedly will be asked to consider in a future case.

6. Rule 4 CSR 240-20.100(6)(A)16 is clear that a company may not recover RES costs using a fuel adjustment clause (“FAC”). However, Staff does not oppose a variance from the rule in this instance given the timing of the issue, that GMO may seek recovery of prudently incurred RES costs (whether in permanent rates, a Renewable Energy Standard Rate Adjustment Mechanism or deferral in a regulatory asset), that customers will ultimately pay for prudently incurred RES costs, and the negligible impact the St. Joseph landfill RES costs have on the net base energy costs and on overall net fuel costs in the FAC.

7. Staff’s non-opposition is also due to GMO’s commitment to work with the parties to resolve these issues before the Company files its next general electric rate case.

8. Staff’s non-opposition should not be viewed as an agreement to treatment of RES costs in a future rate case or of other RES costs in this case. Staff anticipates it

will be recommending exclusion of RES costs from the net base energy cost calculation when these costs are reset in GMO's next general electric rate case. Staff's position in this Response is consistent with Staff's position in its recently-filed *Response To Ameren Missouri's Application For Waiver Or Variance Of 4 CSR 240-20.100(6)(A)16 For Maryland Heights Landfill Gas Facility* in File Nos. ER-2012-0166 and ER-2013-0310.

WHEREFORE, Staff submits this Response to GMO's Application for relief from Rule 4 CSR 240-20.100(6)(A)16.

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil
Missouri Bar No. 33825

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-4887 (Telephone)
(573) 751-9285 (Fax)
jeff.keevil@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically, by hand delivery or by First Class United States Mail, postage prepaid, on this **28th day of December, 2012**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Jeffrey A. Keevil