

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

In the Matter of KCP&L Greater Missouri )  
Operations Company’s FAC Tariff ) Case No. ER-2014-0373  
Revision. )

**PUBLIC COUNSEL’S REPLY  
TO THE STAFF’S RECOMMENDATION**

**COMES NOW** the Missouri Office of the Public Counsel (“Public Counsel”) and for its Reply to the Staff’s Recommendation states:

1. Public Counsel respectfully requests that the Commission disallow the St. Joseph Landfill gas costs from the costs that KCP&L Greater Missouri Operations Company (“GMO”) seeks to recover through its Fuel Adjustment Clause (“FAC”). The appropriate mechanism for recovering such landfill gas cost is through the Renewable Energy Standard Rate Adjustment Mechanism (“RESRAM”) or in the company’s next rate case. Public Counsel does not seek disallowance of any other FAC costs at this time.

2. On June 30, 2014, GMO filed proposed tariff sheets to adjust its Fuel Adjustment Rates (“FARs”) used to determine customer charges related to its FAC. See 4 CSR 240-20.090(4). GMO’s application states, “FAC net includable costs for the six month period ending May 31, 2014, have increased by approximately \$6.6 million for L&P and \$22.0 million for MPS above the base costs included in rates.”<sup>1</sup>

3. The costs GMO seeks to recover through its FAC include \*\* \*\* in landfill gas costs purchased from the St. Joseph Landfill Gas Facility. These landfill gas

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<sup>1</sup> FAC Tariff Letter, Case No. ER-2014-0373, June 30, 2014.

costs represent a small fraction of the \$28.6 million total FAC costs that GMO seeks to recover through its FAC.

4. Landfill gas costs are precluded from a company's FAC pursuant to 4 CSR 240-20.100(6)(A)16 which states, "RES compliance costs shall only be recovered through an [sic] RESRAM or as part of a general rate proceeding and shall not be considered for cost recovery through an environmental cost recovery mechanism or fuel adjustment clause or interim energy charge." Methane from landfills is specifically identified by Section 393.1025(5) RSMo as a renewable energy source.

5. In Case Nos. ER-2012-0175 and ER-2013-0341, GMO requested and the Commission approved a waiver from 4 CSR 240-20.100(6)(A)16 to allow GMO to recover St. Joseph Landfill gas costs through its FAC. At the time the Commission granted the waiver, GMO had not yet filed an application to establish a RESRAM. The Commission's *Order Granting Waiver* provided two primary reasons for granting the waiver: (1) the landfill gas costs in the FAC would have a small impact; and (2) "recalculating many of the agreed upon particulars of the fuel adjustment clause at this late date would be difficult." The Commission also stated, "GMO agrees that in the future it will work with Staff and other interested parties to resolve the issues surrounding the landfill gas."

6. On April 10, 2014, GMO filed an Application with the Commission, docketed as Case No. EO-2014-0151, to establish a RESRAM to recover RES compliance costs. GMO also filed the Direct Testimony of Tim Rush, which addresses the St. Joseph Landfill gas costs but only to state that GMO wants to continue the variance approved by the Commission in Case No. ER-2012-0175. Mr. Rush's testimony

does not explain why the waiver is appropriate now that GMO is seeking to establish its RESRAM, through which prudently incurred RES costs from the St. Joseph Landfill could be recovered. The Staff's recommendation and comments from other parties regarding GMO's RESRAM application are due this Friday, August 8, 2014.

7. In the present case regarding GMO's application to adjust its FAC, the Staff filed its Recommendation on July 25, 2014. The Staff's Recommendation addressed the St. Joseph Landfill gas costs, but only to a limited extent to recognize that the waiver was granted and that the Staff believes the Commission intended the waiver to continue until GMO's next rate case. The Staff does not provide any substantive explanation as to why the waiver should continue.

8. GMO's Application to adjust its FAC in this case included the Direct Testimony of Linda J. Nunn. Ms. Nunn does not address the St. Joseph Landfill Facility gas cost waiver.

9. OPC respectfully urges the Commission to disallow the St. Joseph Landfill Facility gas costs from recovery through GMO's FAC. Neither GMO nor the Commission's Staff has adequately addressed the landfill gas costs to explain why the waiver should continue now that GMO is seeking to establish a RESRAM. Moreover, no party has explained whether the primary reason that justified the waiver initially, that is, that recalculating the then agreed upon particulars of the FAC would be difficult, continues to be a reason justifying the waiver today. Without an adequate explanation as to why the waiver should continue, Public Counsel opposes GMO's request to include the St. Joseph Landfill Facility gas costs in its FAC.

WHEREFORE, the Office of the Public Counsel respectfully submits this reply to the Staff's Recommendation.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 4<sup>th</sup> day of August 2014:

*/s/ Marc Poston*

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