

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

In the Matter of KCP&L Greater Missouri)	
Operations Company Request for Authority to)	<u>File No. ER-2019-0413</u>
Implement Rate Adjustments Required by)	Tracking No. JE-2019-0232
4 CSR 240-20.090(8) and the Company's)	
Approved Fuel and Purchased Power Cost)	
Recovery Mechanism)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and submits its Recommendation as follows:

1. On June 28, 2019, KCP&L Greater Missouri Operations Company (“GMO” or “Company”) submitted direct testimony and a tariff designed to implement an adjustment to its Fuel and Purchased Power Adjustment Clause (“FAC”). The submitted tariff bears an effective date of September 1, 2019.
2. Concurrently on June 28, 2019, GMO submitted a true-up filing in File No. ER-2019-0414 to identify the net fuel costs it over- or under-charged customers during the twenty-first Recovery Period prescribed by its FAC. This amount is used when calculating the new Fuel Adjustment Rate (“FAR”) in this case.
3. On July 2, 2019, the Commission ordered Staff to examine and analyze GMO’s filings in this case, and to file its recommendation no later than July 28, 2019, as required by Rule 4 CSR 240-20.090(8).
4. Any party wishing to intervene was given a deadline of July 17, 2019 to file an application with the Commission.
5. No parties have filed to intervene in this matter.

6. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order indicating the proposed revised tariff sheet GMO filed on June 28, 2019, as substituted July 25, 2019, become effective on September 1, 2019, by operation of law. Further, Staff's recommendation comes with the acknowledgment that GMO's FAC allows for retrospective adjustments in subsequent FAR filings, at which time there is expected to be a more comprehensive understanding of the methodology and framework of 393.1655, RSMo., and its impact on adjustments for GMO in the future.

7. Commission Rule 4 CSR 240-20.090(8) states: "An electric utility that has a FAC shall file proposed tariff sheet(s) to adjust its FARs following each accumulation period." The rule requires Staff to "determine if the proposed adjustment to the FARs is in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established, continued, or modified in the utility's most recent general rate proceeding."¹

8. If so, "Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either (1) Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs; (2) Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or..." the commission may reject the proposed rate sheets, suspend the timeline, set a prehearing date, and order the parties to propose a procedural schedule.²

9. GMO's filing in this case requests Commission approval of one tariff sheet bearing an effective date of September 1, 2019, that revises the current Fuel Adjustment

¹ Commission Rule 4 CSR 240-20.090(8)(F).

² Commission Rule 4 CSR 240-20.090(8)(H)1-3.

Rates (“FARs”) in its FAC. The filing includes testimony and work papers of GMO witness Lisa A. Starkebaum supporting the Company’s calculation of the Fuel and Purchased Power Adjustment (“FPA”).

10. The FPA amount, subject to prudence review, is \$15,048,860. This represents the total requested increase in the amount sought to be collected in customer FAC charges over the applicable recovery period. The FPA amount includes the difference between Annual Net Energy Costs (“ANEC”) and Net Base Energy Cost (“B”) the Company experienced during the 24th Accumulation Period, plus application of the Commission approved 95 percent sharing ratio, plus the amount from the true-up for the 21st Recovery Period in File No. ER-2019-0414, and applicable interest.

11. Due to Section 393.1655, RSMo, Large Power Service class customers are limited to a 2% compound annual growth rate (“CAGR”) limitation. As a result of Section 393.1655, RSMo, GMO’s FAR filing proposes implementation of separate rates for Large Power Service customers and Non-Large Power Service customers.

12. GMO’s proposed bifurcation of the FAC in this FAR filing represents one way – but not the only way – to perform such implementation. Again, Staff’s recommendation comes with the understanding that GMO’s FAC allows for retrospective adjustments in subsequent FAR filings as more data regarding the growth rate limitations and methodologies under 393.1655, RSMo, is collected and more experience with the statute refines the approaches taken.

13. GMO has also provided notice of its election, effective January 1, 2019, to make plant in service accounting (“PISA”) deferrals permitted under 393.1400, RSMo, and further refined under 393.1655, RSMo. GMO is prohibited from not just increasing its

Large Power Service class members above a 2% CAGR, but is also prohibited from increasing its overall customer rates by than a 3% CAGR through the end of 2023.

14. Due to the CAGR calculations discussed in Appendix A, as well as the limitations put forth in 393.1655, RSMo, \$3,975,519 must be deferred from the \$15,048,860 FPA amount subject to prudence review, and deferred to GMO's PISA regulatory asset account for recovery in GMO's next general rate case.

15. This deferral will result in \$11,073,341 being subject to recovery in a future true-up filing, rather than the entire \$15,048,860. The basis of the CAGR calculations, and the reasoning for this deferral, are more broadly explained in Appendix A.

16. Staff has verified that GMO has filed its 2018 annual report and is not delinquent on any assessment. GMO is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(6), and its periodic reports as required by 4 CSR 240-20.090(5). With the exception of the true-up filing in File No. ER-2019-0414, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order indicating the 1st Revised Sheet No. 127.23 Canceling 4th Revised Sheet No. 127.12, as substituted July 25, 2019, become effective on September 1, 2019 by operation of law.

Respectfully Submitted,

/s/ Travis J. Pringle

Travis J. Pringle

Missouri Bar No. 71128

Legal Counsel for the Staff of the

Missouri Public Service Commission

P.O. Box 360

Jefferson City, Mo 65102-0360

(573) 751-4140 (Telephone)

(573) 751-9285 (Facsimile)

(Email) travis.pringle@psc.mo.gov

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 26th day of July, 2019.

/s/ Travis J. Pringle

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2019-0413, Tariff Tracking No. JE-2019-0232
KCP&L Greater Missouri Operations Company

FROM: Brooke Mastrogiannis, Utility Regulatory Auditor IV
Lisa Wildhaber, Utility Regulatory Auditor III
Mark Oligschlaeger, Utility Regulatory Manager
Sarah L.K. Lange, Utility Regulatory Economist III
Cynthia M. Tandy, Utility Regulatory Auditor I

DATE: /s/ Brad J. Fortson 7/26/2019 /s/ Travis Pringle 7/26/2019
Commission Staff Division / Date Staff Counsel Department / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates
Related to KCP&L Greater Missouri Operations Company's Fuel
Adjustment Clause Pursuant to the Commission's Report and Order in Case
No. ER-2018-0146

DATE: July 26, 2019

Staff Recommendation

Missouri Public Service Commission Staff ("Staff") recommends the Commission issue an order indicating proposed 1st Revised Sheet No. 127.23 of the Fuel Adjustment Clause ("FAC") of KCP&L Greater Missouri Operations Company ("GMO" or "Company"), as substituted July 25, 2019, will become effective on September 1, 2019, by operation of law.

Discussion

On December 31, 2018, GMO filed Notice that it elects to make the deferrals set forth in Section 393.1400.5 RSMo - Plant in Service Accounting ("PISA") effective January 1, 2019 through, at least, December 31, 2023. This is the second filing where Sections 393.1400.5 and 393.1655 provisions have been applied to this, or any other, rate adjustment. Therefore, Staff recommends the Commission allow GMO's proposed 1st Revised Sheet No. 127.23, as substituted, to become effective by operation of law date recognizing that Staff and the Company will continue to work on issues related to the implementation of the new statutory provisions. Further, Staff's recommendation comes with the acknowledgment that GMO's FAC allows for retrospective adjustments in subsequent Fuel Adjustment Rate ("FAR") filings, if in the future there is a more

comprehensive understanding of the methodology and framework of 393.1655, RSMo., and its impact on adjustments for GMO in the future.¹

On June 28, 2019, GMO filed one (1) tariff sheet, 1st Revised Sheet No. 127.23 Canceling 4th Revised Sheet No. 127.12, as substituted on July 25, 2019, bearing a proposed effective date of September 1, 2019, to revise GMO's current annual FARs (lines 16, 19, 22, and 25 on 1st Revised Sheet No. 127.23) of its FAC. GMO filed direct testimony of its witness Lisa A. Starkebaum on June 28, 2019, and submitted to Staff work papers in support of the direct testimony and filed tariff sheet. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2019-0232 and ordered Staff to file its recommendation concerning the tariff sheet no later than July 28, 2019. On July 25, 2019, GMO filed a substitute tariff sheet and work papers to correct and further modify its work papers to more appropriately reflect an updated Compounded Annual Growth Rate ("CAGR") limitation that is required by Section 393.1655, RSMo.²

Plant in Service Accounting (PISA) Deferrals Permitted Under Section 393.1400, RSMo, And Limitations On Rate Modifications Permitted Under Section 393.1655, RSMo

As stated in Lisa A. Starkebaum's testimony,

...GMO has provided notice of its election, effective January 1, 2019, to make the plant in service accounting ("PISA") deferrals permitted under section 393.1400 RSMo. Due to the rate cap limitations set forth in the rule under the provisions of section 393.1655 RSMo., GMO has performed the calculations to determine the impact, if any, of this semi-annual FAC filing on the Average overall Rate and Class Average Overall Rate for the Large Power ("LP") customer class effective December 6, 2018, the effective date of rates in Case No. ER-2018-0146. As shown in the GMO PISA Calculation schedule provided with this filing, the 3% cap on the Average Overall Rate was not exceeded; however, the 2% cap on the Class Average Overall Rate was exceeded. Therefore, GMO has limited the increase in the FAC charge applicable to LP customers to 2% of the class average overall rate for that rate class. During this accumulation period, the amount in excess of the 2% cap totaled \$878,747. The Fuel and Purchased Power Adjustment ("FPA") for the LP customer class has been reduced by this

¹ See footnote 6, and the discussion of CAGR calculations as an example of retrospective adjustments and refinement of calculations.

² Section 393.1655 outlines the compound annual growth rates applicable to a Section 393.1400 election.

amount and included for recovery by all other GMO Non-Large Power (“Non-LP”) customer classes, per section 393.1655.6 RSMo.³

As a result of section 393.1655 RSMo., GMO’s FAR filing proposed separate rates for Large Power Service customers and Non-Large Power Service customers. GMO witness Lisa A. Starkebaum also provided Staff with work papers to support the separate rates for customers, resulting from GMO’s election of PISA.

The provisions of Senate Bill 564, which became law last year as 393.1655 RSMo, may subject Missouri electric utilities to certain limitations on their ability to raise customer rates through use of “rate adjustment mechanisms” (including the FAC) at the current time. In GMO’s case, because it has elected to use the PISA provisions within 393.1655 RSMo, GMO is prohibited from increasing its overall customer rates from operation of rate adjustment mechanisms by more than a 3.0% CAGR in between general rate cases through the end of 2023. A 2.0% CAGR cap applies specifically to GMO’s Large Power Service customer rate class over the same period. Any amount of FAC customer rate increase above the 3.0% overall rate cap that would otherwise be justified for current inclusion in rates is instead required under 393.1655 RSMo to be included in the PISA regulatory asset amount for recovery in later general rate cases. Any amount of Large Power Service customer rate increase above the 2.0% rate cap that would otherwise be justified for current inclusion in Large Power Service rates is required under 393.1655 RSMo to be proportionately spread to all other customer classes for current recovery in rates.

The CAGR is a measurement that compares the change in customer rates between two points in time, and calculates that percentage rate change on an annual basis. The CAGR calculation formula is as follows: the CAGR percentage equals the percentage total rate change between two points in time, taken to the power of 1 divided by the elapsed time between the initial and last rate changes, minus 1. For example, if GMO were to increase rates by 3.0% exactly one year following its last base rate change, the calculated CAGR would be 3.0% $((1.03^{(1/1)}-1))$. Such a rate change would be allowed under the 393.1655 RSMo rate cap provisions. If GMO sought to increase its base rates by 3.0% two years after its base rates were last changed, the CAGR would be calculated as approximately 1.5% $((1.03^{(1/2)}-1))$. That rate change would be allowed under

³ GMO witness Lisa A. Starkebaum’s direct testimony: page 6 line 3 through line 18.

393.1655 RSMo, as well. Finally, if GMO sought to increase its base rates by 3.0% six months after its base rates were last changed, the CAGR would be calculated as approximately 6.0% $((1.03^{(1/.5)}-1))$. That rate change would not be allowed under 393.1655 RSMo, because that rate would exceed the allowed annual rate cap percentage, and would have to be reduced by approximately one-half in order to be compliant with current law.

The effective date of new GMO FAC rates resulting from this case (September 1, 2019) is 269 days later than the effective date of new base rates from GMO's last general rate case (December 6, 2018). 269 days is approximately 73.7% of the full 365-day annual period. Accordingly, the applicable CAGR cap for GMO's overall customer rates applicable as of September 1, 2019 is a 2.21% total rate increase $((1.0221^{(1/.737)}-1 = 3.00\%))$. The applicable CAGR cap at the same point in time for GMO's large power customer rates is a 1.47% rate increase $((1.0147^{(1/.737)}-1 = 2.00\%))$. Therefore, any increase for GMO's overall customer rates resulting from changes in its FAC rate since December 6, 2018 through September 1, 2019 cannot exceed a 2.21% total increase, and any excess amount over that level must be deferred by GMO for future rate recovery. Further, any increase for GMO's overall large power rates resulting from changes in the FAC rate since December 6, 2018 through September 1, 2019 cannot exceed a 1.47% total increase, and any excess amount over that level must be allocated proportionately to GMO's other customer classes. Staff and GMO discussed this calculation, which resulted in the substitute sheet filed July 25, 2019.

Staff's review of GMO's initial Average Overall Rate and LPS Overall Rate calculations indicated certain errors,⁴ the most substantive of which (1) involved the calculation of the Average Rider Rate associated with the 23rd Accumulation Period,⁵ and (2) involved the applicable CAGR cap as of September 1, 2019.⁶ GMO has worked cooperatively with Staff to revise this calculation

⁴ The results of the original GMO calculation are discussed by GMO witness Lisa A. Starkebaum in her direct testimony at page 6 line 3 through line 18.

⁵ Section 393.1655.7(3) states "(3) 'Average rider rate', a rate calculated by dividing the total of the sums to be recovered from all customer classes under the electrical corporation's rate adjustment mechanisms in place other than a rate adjustment mechanism under section 393.1075 by the total sales volumes stated in kilowatt-hours for all of the electrical corporation's rate classes used to set rates under such rate adjustment mechanisms, exclusive of gross receipts tax, sales tax, and other similar pass-through taxes;"

⁶ This issue was not comprehensively addressed in GMO's March 1 FAR adjustment. Implementing the indicated CAGR caps as of September 1 is appropriate to address this issue going forward.

as well as to correct other minor errors. GMO’s corrected work paper is attached as Attachment A, and summarized below.⁷

Average Overall Rate Change Calculation*		% change from Starting
Starting Average Overall Rate	\$ 0.09367	
Average Overall Rate if Full AP 24	\$ 0.09619	2.69%
Allowable Average Overall Rate 9/1/2019	\$ 0.09574	2.21%
Amount not allowable at this time (total Co.)	\$ (3,975,519)	\$ (3,933,671) **
LP Class Average Overall Rate Change Calculation		% change from Starting
Starting LP Class Overall Rate	\$ 0.06451	
LP Class Average Overall Rate if Full AP 24	\$ 0.06621	2.64%
LP Class Average Overall Rate After Total Co. AP 24 Cap	\$ 0.06576	1.94%
Allowable LP Class Average Overall Rate 9/1/2019	\$ 0.06546	1.47%
Additional amount not recoverable from LP at this time	\$ (642,986)	\$ (640,027) **
*Average Overall Rate is reflective of total company, including LP class and customers.		
**Amount estimated not to be recovered, varies slightly due to application of Voltage Adjustment		

The Average Overall Rate change if the 24th AP is incorporated without adjustment is 2.69%, which exceeds the 2.21% allowable adjustment beginning September 1, 2019 under the CAGR calculation. With adjustment for the Overall Rate cap, the LP Class change is 1.94%, which exceeds the 1.47% allowable beginning September 1, 2019 under the CAGR calculation.⁸

Based on these calculations, \$3,975,519 must be deferred to GMO’s PISA regulatory asset account for recovery in GMO’s next general rate case, and \$642,986 should be excluded from the calculation of the FPA recoverable from the LP class pursuant to the 1st Revised Sheet No. 127.23, as substituted July 25, 2019, to take effect September 1, 2019.

Accumulation Period 24 FARs

The testimony and work papers include information supporting GMO’s calculation of the Fuel and Purchased Power Adjustment (“FPA”) amount of \$15,048,860 (line 11⁹ of 1st Revised

⁷ Staff also adjusted GMO’s analysis to calculate what the LP impact would be if the overall cap were not triggered. It is attached as Attachment B.

⁸ Absent adjustments the Average LP Class Overall Rate change would be 2.64%.

⁹ Line 11 is the FPA amount subject to prudence review, line 11.1 is the PISA amount deferred to a PISA regulatory asset account, and line 11.2 is the FPA amount subject to recover in true-up.

Sheet No. 127.23, as substituted July 25, 2019) for Accumulation Period 24 (“AP24”) (December 1, 2018 through May 31, 2019) reflecting the sum of:

1. The amount of \$14,454,718 on line 7 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019, which is equal to 95% of the difference between a) GMO’s Missouri jurisdiction¹⁰ Actual Net Energy Costs (ANEC) (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenue less renewable energy credit revenue) and b) GMO’s Missouri jurisdiction Net Base Energy Cost;
2. The true-up amount¹¹ reflected on line 8 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019, of \$(197,557); and
3. The interest amount reflected on line 9 of 1st Revised Sheet No. 127.12, as substituted July 25, 2019, of \$791,699.

The Current Period GMO FAR of \$0.00095 per kWh for Large Power Service rate class (line 13 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019) is equal to GMO’s Large Power Service rate class FPA amount of \$2,036,122 divided by the Estimate Recovery Period 24 (“RP24”)¹² Retail Net System Input (“RNSI”) at the generator level¹³ (“SRP”) of 2,143,286,200 kWh (line 12 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019).

The Current Period GMO FAR of \$0.00135 per kWh for Non-Large Power Service rate classes (Line 13 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019) is equal to GMO’s Non-Large Power Service rate class FPA amount of \$9,037,219 divided by the Estimate Recovery Period 24 (“RP24”) RNSI at the generator level (“SRP”) of 6,691,199,653 kWh (line 12 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019).

Because of differences in line losses of both primary and secondary voltage service levels,¹⁴ the tariff sheet reflects different current period FARs for service taken at primary and

¹⁰ See line 4 of 1st Revised Sheet No. 127.23 and definition of J on Original Sheet No. 127.21.

¹¹ The true-up amount was requested by GMO in its June 28, 2019 filing in File No. ER-2019-0414.

¹² RP24 includes September 1, 2019 through August 31, 2020.

¹³ See definition of SRP on Original Sheet No. 127.22.

¹⁴ The voltage adjustment factors (VAFs) for GMO for primary, secondary, substation and transmission voltage service levels are included near the bottom of 1st Revised Sheet No. 127.23, as substituted July 25, 2019.

secondary voltages. As a result of GMO's last general rate case, Case No. ER-2018-0146, the transmission and substation voltage levels were added to the FAC. Also as a result of GMO's last general rate case, the base factor changed from \$0.02055 per kWh to \$0.02240 per kWh effective as of December 6, 2018.

For AP24, the Current Period FARs of \$0.00098 per kWh for Large Power Service and \$0.00139 per kWh for Non-Large Power Service taken at primary voltage service are included on line 17 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019. The GMO Current Period FARs of \$0.00099 per kWh for Large Power Service and \$0.00141 per kWh for Non-Large Power Service taken at secondary voltage service are included on line 14 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019. The GMO Current Period FARs of \$0.00096 per kWh for Large Power Service and \$0.00137 per kWh for Non-Large Power Service taken at substation voltage service are included on line 20 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019. The GMO Current Period FARs of \$0.00096 per kWh for Large Power Service and \$0.00136 per kWh for Non-Large Power Service taken at transmission voltage service are included on line 23 of 1st Revised Sheet No. 127.23, as substituted July 25, 2019.

For AP24, the Current Annual FARs are the sum of the Current Period FARs and the Prior Period FARs for GMO,¹⁵ and are \$0.00329 per kWh for Large Power Service and \$0.00484 per kWh for Non-Large Power Service primary voltage service; \$0.00337 per kWh for Large Power Service and \$0.00495 per kWh for Non-Large Power Service secondary voltage service; \$0.00327 per kWh for Large Power Service and \$0.00482 per kWh for Non-Large Power Service for substation voltage service; and \$0.00327 per kWh for Large Power Service and \$0.00481 per kWh for Non-Large Power Service for transmission voltage service, reflected on lines 16, 19, 22, and 25 respectively, of 1st Revised Sheet No. 127.23, as substituted July 25, 2019.

The Accumulation Periods, Recovery Periods, and other specifications of GMO's FAC for AP24 are set out in its tariff sheets identified in the following table:

¹⁵ The Prior Period FARs for GMO on lines 15 and 18 of 1st Revised Sheet No. 127.23 are the same as those contained on lines 14 and 17 of 4th Revised Sheet No. 127.12.

For Service Provided December 6, 2018 and Thereafter
Original Sheet No. 127.13
Original Sheet No. 127.14
Original Sheet No. 127.15
Original Sheet No. 127.16
Original Sheet No. 127.17
Original Sheet No. 127.18
Original Sheet No. 127.19
Original Sheet No. 127.20
Original Sheet No. 127.21
Original Sheet No. 127.22
Original Sheet No. 127.23
4th Revised Sheet No. 127.12

Listed below are GMO’s proposed Current Annual FARs on 1st Revised Sheet No. 127.23, as substituted July 25, 2019, and the GMO Current Annual FARs on 4th Revised Sheet No. 127.12 together with the changes between them for primary and secondary voltage service levels.

GMO Current Annual Fuel Adjustment Rates \$ per kWh			
Service	Proposed 1st Revised Sheet No. 127.23	Now Effective 4th Revised Sheet No. 127.12	Difference
Primary-Large Power Service	\$0.00329	\$0.00365	\$0.00036 Decrease
Primary-Non-Large Power Service	\$0.00484	\$0.00479	\$0.00005 Increase
Secondary-Large Power Service	\$0.00337	\$0.00376	\$0.00039 Decrease
Secondary-Non-Large Power Service	\$0.00495	\$0.00492	\$0.00003 Increase
Substation-Large Power Service	\$0.00327	**	
Substation-Non-Large Power Service	\$0.00482	**	
Transmission-Large Power Service	\$0.00327	**	
Transmission-Non-Large Power Service	\$0.00481	** ¹⁶	

¹⁶ New voltage factors added effective December 6, 2018.

The proposed changes to FARs will result in an increase to the typical GMO residential Non-Large Power Service customer's monthly bill (1,000 kWh) before taxes of \$.03, i.e., from \$4.92 to \$4.95, which is within the 3% compound annual growth rate limitation as established in Section 393.1655 RSMo.

In her direct testimony, Ms. Starkebaum states:

GMO's actual FAC includable costs exceeded the base energy costs by \$15.3 million. There are a couple of factors contributing to this overage. The rise in purchased power requirements was driven by retail load requirements and unit outages during this accumulation period. Both February and March had higher than normal retail load requirements due to 30% colder than normal weather. In addition, recent flooding events within our service territory caused the Iatan generating station to be removed from service the latter part of March. Also, Jeffrey Energy Center had planned maintenance outages that began in February; however, was extended through May.¹⁷

Staff would also like to note that a few other changes affecting this increase to the typical GMO residential Non-Large Power Service customers were the change in the base factor as a result of the last general rate case, Case No. ER-2018-0146, and GMO electing to use PISA as explained in pages 1 and 2 of this report.

Staff Review

Staff reviewed GMO's proposed 1st Revised Sheet No. 127.23 Canceling 4th Revised Sheet No. 127.12, as substituted July 25, 2019, the direct testimony of GMO witness Lisa A. Starkebaum and the work papers in this filing, in addition to GMO's monthly information reports filed in compliance with 4 CSR 240-3.161(5) for AP24, and verified that the actual fuel and purchased power costs less off-system sales revenues match the fuel and purchased power costs less off-system sales revenues in GMO's proposed 1st Revised Tariff Sheet No. 127.23, as substituted July 25, 2019. Staff reviewed GMO's monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under-/over- recovery of base fuel and purchased power costs for AP24 and verified that the monthly interest rates and calculations of monthly interest amounts are correct. Staff also reviewed GMO's additional calculations supporting the limitation of the

¹⁷ GMO witness Lisa A. Starkebaum's direct testimony; page 5 line 1 through 9.

FAC rate increase applicable to Large Power Service rate class customers, and all other customers, as a result of Section 393.1655 RSMo.

The information filed with the proposed tariff sheet, as substituted July 24, 2019, and work papers include sufficient data to calculate GMO's FARs based on the actual fuel, purchased power, emission allowance and transmission costs net of off-system sales revenue and renewable energy credit revenue provided by GMO for AP24.

Attachment C includes three charts which provide a summary of GMO's twenty-four (24) FAC rate adjustment filings. Chart 1 illustrates a) GMO's actual net energy cost, net base energy cost and under- (over-) recovery amounts for each accumulation period, and b) that there have been twenty (20) accumulation periods with under-recovered amounts and four (4) accumulation periods with over-recovered amounts (AP10, AP16, AP17 and AP18). Chart 2 illustrates GMO's FAC cumulative under-recovered amount at the end of each accumulation period with the cumulative under-recovered amount through AP24 of approximately \$310 million. Chart 3 illustrates GMO's FAC cumulative under-recovered percentage at the end of each accumulation period with the cumulative under-recovered percentage through AP24 of approximately 12%.

Lake Road Steam Allocation of Auxiliary Power

Lisa A. Starkebaum's testimony states: "...In the most recent prudence review, Case No. EO-2019-0067, Staff found no evidence of imprudence for the items examined during the review period; however, the Office of Public Counsel has challenged the allocation of charges for the auxiliary electric power used by GMO for its steam operations. This issue is pending negotiations and/or evidentiary hearings currently scheduled for August 2019."¹⁸ Staff agrees with GMO's testimony as it is still Staff's position the allocation of charges for the auxiliary electric power used by GMO for its steam operations is not imprudent. Should the Commission find these charges are imprudent in the prudence review, the Company will be ordered to make an adjustment in the next FAC rate filing true-up, with interest applied, to include all applicable time periods.

¹⁸ Direct Testimony of Lisa Starkebaum at page 10 line 5 through 10.

Staff Recommendation

Staff is of the opinion that the tariff sheet filed on June 28, 2019, as substituted July 25, 2019, complies with the Commission's *Report and Order* in Case No. ER-2018-0146, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and GMO's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(8)(H) provides in part:

(H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—

1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;
2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or
3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question;

GMO requested that the 1st Revised Tariff Sheet No. 127.23 Canceling 4th Revised Tariff Sheet No. 127.12, filed June 28, 2019 and substituted July 25, 2019, become effective on September 1, 2019. Staff, based on its examination and analysis of the information GMO filed and submitted in this case including the PISA deferrals permitted under section 393.1400 RSMo, recommends the Commission issue an order indicating the following proposed revised tariff sheet, will take effect by operation of law on September 1, 2019:

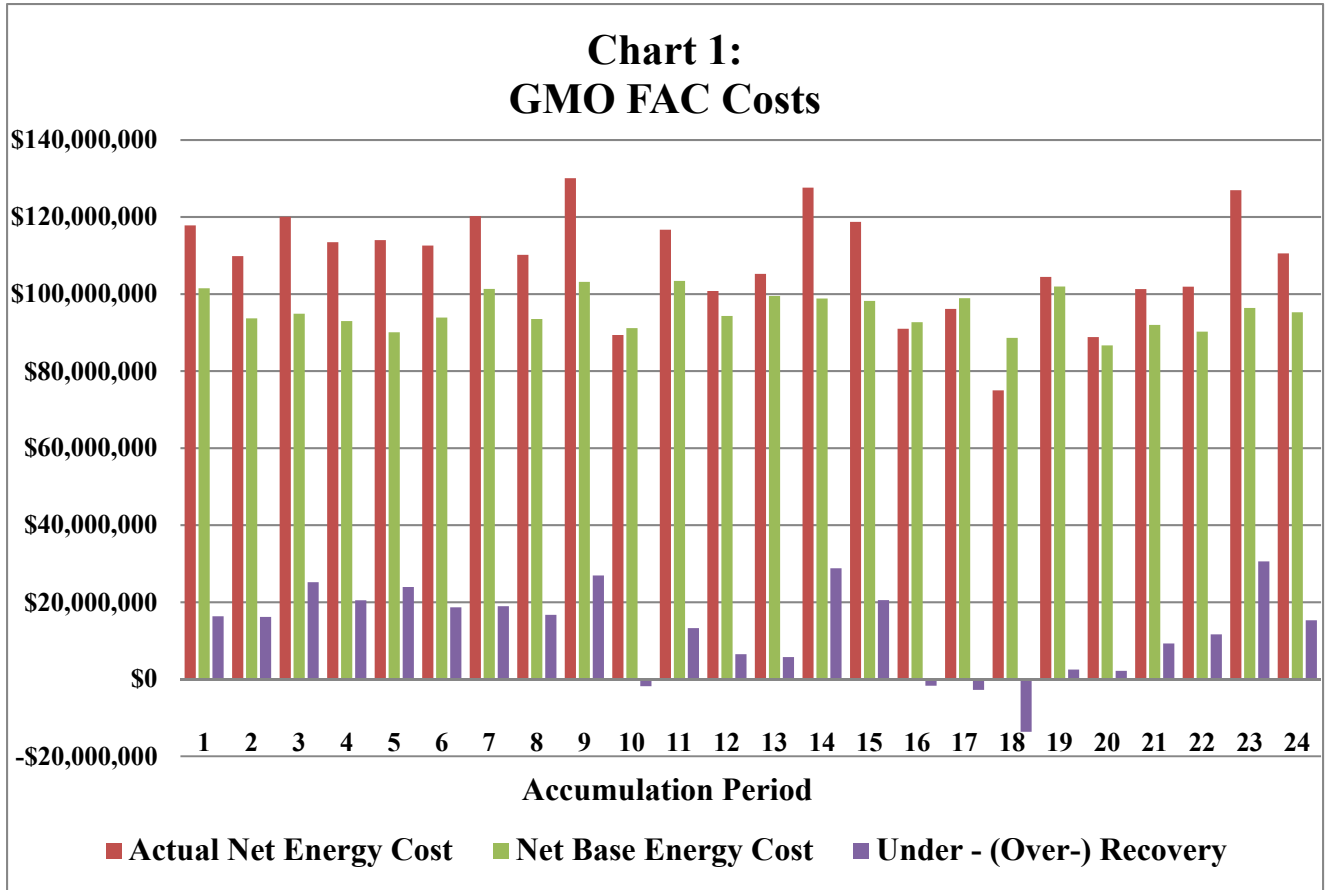
P.S.C. Mo. No. 1
1st Revised Sheet No. 127.23 Canceling 4th Revised Sheet No. 127.12

Staff has verified that GMO is not delinquent on any assessment and has filed its 2018 Annual Report. GMO is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(6) and its monthly reports as required by 4 CSR 240-20.090(5). Except for GMO's RP21 true-up filing in File No. ER-2019-0414 (also filed on June 28, 2019), 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 the Current Period FARs is solely based on the accuracy of GMO's calculations, and is not indicative of the prudence of the fuel costs during AP24.

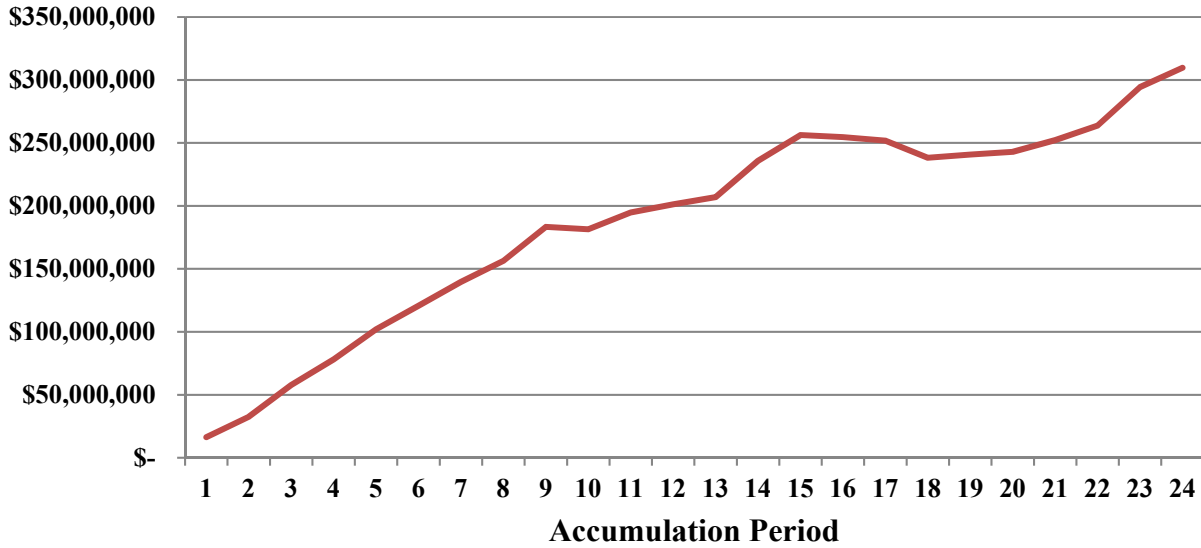
Senate Bill 564 PISA Calculation		Overall 3% Cap (Section 393.1.655.3)																	
		Average Overall Rate Effective December 6, 2018					Proposed Revenue for Recovery with GMO semi-annual FAC rate update (24th Accumulation)												
Line No.		Total Revenue	Total Sales kWh	Tariff Rate	Tariff w/Avg VAF		Base Revenue	2018 Rate Case Revenue per Stipulation	2018 Rate Case Revenue Decrease	Total Revenue Required	Rider Revenue	RESRAM	Effective Date	Rate	Rate w/Avg VAF	Total Revenue	Total Sales kWh	Tariff Rate	Tariff w/Avg VAF
1	2018 Rate Case Revenue per Stipulation	\$ 744,756,135					\$ 744,756,135									\$ 744,756,135			
2	2018 Rate Case Revenue Decrease	(23,881,212)					(23,881,212)									(23,881,212)			
3	Total Revenue Required	\$ 720,776,923	7,957,355,672	\$ 0.00958	\$ 0.00958		\$ 720,776,923	7,957,355,672	\$ 0.00958	\$ 0.00958			effective 12/6/2018			\$ 720,776,923	7,957,355,672	\$ 0.00958	\$ 0.00958
4													effective 12/6/2018						
5	Rider Revenue												effective 12/1/2018						
6	RESRAM												ET-2019-0092						
7							\$ 7,207,581	8,719,922,175	\$ 0.00983	\$ 0.00983			ET-2019-0092			\$ 7,207,581	8,719,922,175	\$ 0.00983	\$ 0.00983
8																			
9	GMO FAC																		
10	21st Accumulation																		
11	Recovered March 2018 - February 2019																		
12	Total	\$ 8,315,398	8,761,343,931	\$ 0.00995	\$ 0.00995		\$ 8,315,398	8,761,343,931	\$ 0.00995	\$ 0.00995						\$ 26,887,224	8,862,150,723	\$ 0.00933	\$ 0.00933
13	Weighted Avg VAF using Rate Case ER-2018-0146		0.010670														0.010670		
14																			
15	22nd Accumulation																		
16	Recovered September 2018 - August 2019																		
17	Total FPA includes true-up	\$ 11,386,822	8,786,320,152	\$ 0.00129	\$ 0.00129											\$ 15,048,880	8,834,485,853	\$ 0.00170	\$ 0.00170
18	Weighted Avg VAF using Rate Case ER-2018-0146		0.010670														0.010398		
19																			
20	Total Revenue Allowed to Recover	\$ 747,665,724														\$ 765,890,568			\$ 0.06519
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Attachment B

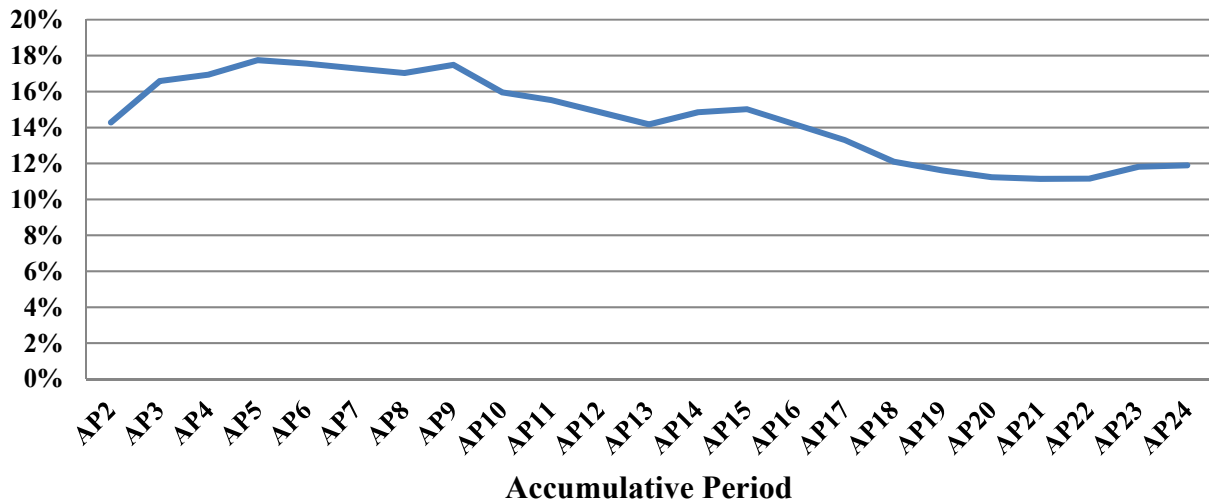
Proposed Revenue for Recovery with GMO semi-annual FAC rate update (24th Accumulation)						
		Large Power Revenue	Large Power Sales kWh	LP Tariff Rate	LP Tariff w/Avg VAF	
Base Revenue LP						
2018 Rate Case Revenue per Stipulation		\$ 130,744,916				
2018 Rate Case Revenue Decrease		(4,209,986)				
Total Revenue Required	effective 12/6/2018	\$ 126,534,930	2,060,228,862	\$ 0.06142	\$ 0.06142	
	ER-2018-0146		25.89%			
Rider Revenue						
RESRAM LP		\$ 1,873,798	2,257,587,851	\$ 0.00083	\$ 0.00083	
	effective 12/1/2018					
	ET-2019-0092					
GMO FAC						
23rd Accumulation LP						
Recovered March 2019 - February 2020						
Total FPA includes true-up	ER-2019-0198	\$ 5,093,592	2,294,410,822	\$ 0.00222	\$ 0.00224	
	Weighted Avg VAF using Rate Case ER-2018-0146		0.010575			
24th Accumulation LP - with 3% cap deferral when necessary						
Recovered September 2019 - August 2020						
Total FPA includes true-up		\$ 3,643,587	2,143,286,200	\$ 0.00170	\$ 0.00172	
	Weighted Avg VAF using Rate Case ER-2018-0146		0.010326			
Proposed Projected Revenue to Recover		\$ 137,145,906			\$ 0.06621	
				Rate Incr / (Decr) over Class Avg Overall Rate		\$ 0.00170
				Projected Rate Change		2.64%
Adjustment needed if over Class Avg Overall Rate cap		1.47%				
Adjustment (393.1655.6)		\$ (1,586,032)		\$ (0.00074)	\$ (0.00075)	
Proposed Projected Revenue to Recover		\$ 135,559,874			\$ 0.06546	
				Rate Incr / (Decr) over Class Avg Overall Rate		\$ 0.00095
				Projected Rate Change		1.47%



**Chart 2:
GMO's FAC Cumulative Under-Recovered
Amount**



**Chart 3: GMO's FAC Cumulative Under-
Recovered Percent**



BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri)
Operations Company Request for Authority) File No. ER-2019-0413
to Implement Rate Adjustments Required by)
4 CSR 240-20.090(8) and the Company's)
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW BROOKE MASTROGIANNIS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.


Further the Affiant sayeth not.


BROOKE MASTROGIANNIS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of July 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri)
Operations Company Request for Authority) File No. ER-2019-0413
to Implement Rate Adjustments Required by)
4 CSR 240-20.090(8) and the Company's)
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

AFFIDAVIT OF MARK L. OLIGSCHLAEGER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

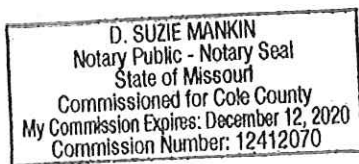
COMES NOW MARK L. OLIGSCHLAEGER and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


MARK L. OLIGSCHLAEGER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of July 2019.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri)
Operations Company Request for Authority) File No. ER-2019-0413
to Implement Rate Adjustments Required by)
4 CSR 240-20.090(8) and the Company's)
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

AFFIDAVIT OF SARAH L.K. LANGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

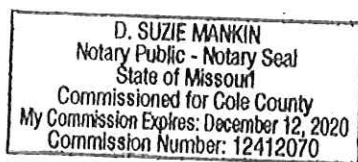
COMES NOW SARAH L.K. LANGE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Sarah L.K. Lange
SARAH L.K. LANGE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of July 2019.



D. Suzie Mankin
Notary Public

