

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

|   |   |                                     |
|---|---|-------------------------------------|
| In the Matter of the Application of KCP&L | ) |                                     |
| Greater Missouri Operations Company for   | ) |                                     |
| Authority to Implement Rate Adjustments   | ) | <b><u>File No. ER-2014-0002</u></b> |
| Required by 4 CSR 240-2.090(4) and the    | ) | Tariff Tracking No. JE-2014-0001    |
| Company's Approved Fuel Adjustment Clause | ) |                                     |

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET TO CHANGE RATES  
RELATED TO KCP&L GREATER MISSOURI OPERATIONS COMPANY'S ("GMO")  
FUEL ADJUSTMENT CLAUSE PURSUANT TO THE COMMISSION'S REPORT AND  
ORDER FROM CASE NO. ER-2012-0175**

**COMES NOW** the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), by and through counsel, and for its recommendation to approve tariff sheet, respectfully states:

1. On July 1, 2013, KCP&L Greater Missouri Operations Company ("GMO") filed a proposed tariff sheet, a filing letter, supporting direct testimony, and other information pursuant to Commission Rules 4 CSR 240-3.161(7) and 4 CSR 240-20.090(4) to adjust cost adjustment factors used to determine customer charges related to its fuel adjustment clause ("FAC").
2. Rule 4 CSR 240-20.090(4) requires the Commission's Staff to examine and analyze the information GMO has filed and submitted and to file a recommendation to the Commission not later than 30 days after GMO made its filing—in this case, no later than July 30, 2013.
3. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed revised tariff sheet GMO filed on July 1.

4. GMO's filing in this case requests Commission approval of one tariff sheet bearing an effective date of September 1, 2013, that revises its current annual Fuel Adjustment Rates ("FARs")<sup>1</sup> of its FAC. The filing includes testimony and workpapers of GMO witness Linda J. Nunn supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustments ("FPA") amount of \$3,605,310 for its MPS rate district and the FPA amount of \$3,386,387 for its L&P rate district for Accumulation Period 12 (December 1, 2012 through May 31, 2013). Staff's *Memorandum* explains the calculation of these FPA amounts.

5. As explained in Staff's *Memorandum*, these FPA amounts include the true-up amounts for Recover Period 9 (March 1, 2012 through February 28, 2013) filed by GMO on July 1, 2013 in File No. ER-2014-0001.<sup>2</sup>

6. Listed below are GMO's proposed current annual FARs and the now-effective current annual FARs, together with the changes between them for primary and secondary service in both the MPS and L&P rate districts:

| Current Fuel Adjustment Rate - MPS |                             |                                  |                    |
|------------------------------------|-----------------------------|----------------------------------|--------------------|
| Service                            | Proposed Current Annual FAR | Now-Effective Current Annual FAR | Difference         |
| Primary                            | \$0.00208                   | \$0.00120                        | \$0.00088 Increase |
| Secondary                          | \$0.00210                   | \$0.00120                        | \$0.00090 Increase |
| Current Fuel Adjustment Rate – L&P |                             |                                  |                    |
| Service                            | Proposed Current Annual FAR | Now-Effective Current Annual FAR | Difference         |
| Primary                            | \$0.00325                   | \$0.00180                        | \$0.00145 Increase |
| Secondary                          | \$0.00329                   | \$0.00180                        | \$0.00149 Increase |

<sup>1</sup> See items 13 through 19 on 6th Revised Sheet No. 127.

<sup>2</sup> In that case, Staff is recommending the Commission approve those true-up amounts with interest.

7. Based on an average use of 867 kWh per month, the proposed changes to the FARs will result in an increase to a typical MPS residential customer's bill of approximately \$0.78 per month, and an increase to a typical L&P residential customer's bill of approximately \$1.29 per month.

8. Staff reviewed GMO's proposed tariff sheet, 6th Revised Sheet No. 127. Staff also reviewed GMO witness Nunn's testimony, supporting schedules and workpapers, as well as GMO's monthly information filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 12, 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 revenue in GMO's proposed 6th Revised Tariff Sheet No. 127. Staff also reviewed GMO's monthly interest rates that are applied to the under/over recovery of base fuel and purchased power costs for Accumulation Period 12, and verified that the monthly interest rates and calculations of interest are correct.

9. This case is affected by the Commission's grant of the request GMO filed on December 21, 2012,<sup>3</sup> seeking to include in its FAC the cost of landfill gas purchased from the landfill owner of GMO's St. Joseph Landfill Gas Facility. Staff asserts that all of the costs for this landfill gas are Renewable Energy Standard ("RES") costs. Pursuant to 4 CSR 240-20.100(6)(A)16, RES compliance costs shall not be considered for cost recovery through a FAC. GMO requested relief from this rule seeking authorization to treat those St. Joseph Landfill Gas Facility costs through its FAC.

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<sup>3</sup> *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.*

10. Staff did not oppose GMO's request for relief from the rule in this specific instance because the St. Joseph landfill gas costs are small and will have a negligible impact on the net base energy costs and on overall net fuel costs for the L&P rate district in GMO's FAC. Moreover, GMO committed to work with the parties to resolve how they should be treated before GMO files its next general electric rate case. Therefore, Staff's non-opposition to this particular request should not be viewed as a general agreement regarding treatment of RES costs.

11. Because GMO requested, and the Commission granted, the relief not only in this case, but also in GMO's most recent general electric rate case, Case No. ER-2012-0175, it is Staff counsel's opinion that the Commission intended by its *Order Granting Variance* that GMO may treat its St. Joseph Landfill Gas Facility costs through its FAC until its next general rate case.

12. Staff has verified that GMO is not delinquent on any assessment and has filed its 2012 Annual Report. GMO is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Other than GMO's related filing in ER-2014-0002, 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 approving the following proposed revised tariff sheet, as filed on July 1, 2013, to become effective on September 1, 2013, as requested by GMO:

PSC Mo. No. 1  
6th Revised Sheet No. 127 Canceling 5th Revised Sheet No. 127.

Respectfully Submitted,

**STAFF OF THE MISSOURI  
PUBLIC SERVICE COMMISSION**

**/s/ Robert S. Berlin**

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 30<sup>th</sup> day of July, 2013.

**/s/ Robert S. Berlin**