

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

In the Matter of KCP&L Greater Missouri)
Operations Company's Request for Authority) **Case No. ER-2016-0156**
to Implement a General Rate Increase for)
Electric Service)

**STAFF'S NOTICE OF START OF FIRST RESRAM PRUDENCE AUDIT AND
MOTION FOR VARIANCE FROM COMMISSION RULE 4 CSR 240-20.100(6)26.B**

COMES NOW the Staff of the Missouri Public Service Commission, by and through undersigned counsel, and for its *Notice of Start of First RESRAM Prudence Audit and Motion for Variance from Commission Rule 4 CSR 240-20.100(6)26.B* ("Notice and Motion") informs the Commission that the Staff has initiated its first RESRAM ("Renewable Energy Standard Rate Adjustment Mechanism") prudence audit as required by KCP&L Greater Missouri Operations ("GMO") tariff and Commission Rule 4 CSR 240-20.100(6)11 and 20.100(6)26. Further in support, Staff states:

1. GMO's RESRAM was approved by the Commission in Case No. EO-2014-0151 and became effective December 1, 2014.¹

2. GMO's tariff sheet (P.S.C. MO. No. 1, Original Sheet No. 137.2, RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM – Rider RESRAM (continued) ELECTRIC) states in pertinent part "...A prudence review shall also be conducted concurrent with any general rate case filed by the Company..." Because GMO filed its above-captioned request for general rate increase case on February 23, 2016, GMO's RESRAM tariff has triggered Staff's initiation of its first RESRAM prudence audit.

¹ See *Order Approving Tariff Filing In Compliance With Commission Order* (EFIS Item No. 55), issued November 18, 2014, in Case No. EO-2014-0151.

3. Staff initiates its GMO RESRAM audit pursuant to Commission Rule 4 CSR 240-20.100(6)11 which in relevant part states “Commission approval of proposed rate schedules, to establish or modify an RESRAM, shall in no way be binding upon the commission in *determining the ratemaking treatment to be applied to RES compliance costs during a subsequent general rate proceeding when the commission may undertake to review the prudence of such costs...*” (*emphasis added*)

4. Commission Rule 4 CSR 240-20.100(6)20 provides for intervention as follows:

A person or entity granted intervention in a rate proceeding in which an RESRAM is approved by the commission shall be a party to any subsequent related periodic adjustment proceeding or prudence review, without the necessity of applying to the commission for intervention. In any subsequent general rate proceeding, such person or entity must seek and be granted status as an intervenor to be a party to that case...

Because GMO’s RESRAM was initially approved by the Commission in a separate proceeding, Case No. EO-2014-0151, and because Staff’s first prudence audit is being done in the context of GMO’s first general rate case proceeding after its RESRAM approval, the Staff’s Notice and Motion should be served on the parties in EO-2014-0151 to comport with the rule’s requirement that “...In any subsequent general rate proceeding, such person or entity must seek and be granted status as an intervenor to be a party to that case...”

5. Staff is filing its notice to comply with the notice timeline requirement of 4 CSR 240-100.20(6)26.B. requiring “...Staff shall file notice within ten (10) days of starting its prudence audit.” However, because Staff is conducting its RESRAM prudence audit as part of its direct case in GMO’s rate case proceeding, the Staff moves the Commission grant a variance to the rule that excuses the remaining timeline

requirements² and issue an order that requires Staff to “...submit a recommendation regarding its examination and analysis to the commission..” in its direct testimony that will be filed in the rate case. Doing so will provide that any matters related to RESRAM prudence may be addressed by the parties in their prefiled testimony and at hearing as to be set forth in an approved procedural schedule.

6. The Commission may grant the above requested rule variance for good cause shown³ because GMO's tariff imposes the requirement that Staff's RESRAM prudence audit is to be conducted as part of its general rate case proceeding and because the timeline requirements for the report and possible hearing on the matter will be adequately addressed in the procedural schedule to be approved in the above-captioned case.

WHEREFORE, for the above stated reasons, Staff prays the Commission accept its notice of start of its first GMO RESRAM prudence audit, grant its motion for variance of certain timeline requirements of Commission Rule 4 CSR 240-20.100(6)26.B, and grant such other and further relief as the Commission deems just.

² 4 CSR 240-100.20(6)26.B. contemplates timeline requirements for a RESRAM prudence audit for a stand-alone case initiated solely for the purpose of conducting a prudence review: 4 CSR 240-100.20(6) states “A prudence review of the costs subject to the RESRAM shall be conducted no less frequently than at intervals established in the rate proceeding in which the RESRAM is established.” The specific “26.B” timeline requirements to be excused are: the 180 day requirement for Staff's prudence report after initiation of its prudence audit; the Commission's requirement to issue an order not later than 210 days after Staff commences its prudence audit if no party to the proceeding in which the prudence audit is occurring [GMO's rate case proceeding] files within 190 days of Staff's commencement of the audit a request for hearing.

³ 4 CSR 240-100.20(10)

Respectfully submitted,

/s/ Robert S. Berlin

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 11th day of March, 2016.

/s/ Robert S. Berlin