

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

In the Matter of the Application of KCP&L )  
Greater Missouri Operations Company ) **File No. ER-2012-0196**  
Containing Its Annual Fuel Adjustment )  
Clause True-Up )

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through Staff Counsel’s Office, and files its analysis of and recommendation concerning KCP&L Greater Missouri Operations Company’s (GMO) Sixth Fuel Adjustment Clause (FAC) true-up filing under the provisions in 4 CSR 240-3.161(8) and 4 CSR 240-20-090(5). In support thereof, the Staff states as follows:

1. On December 22, 2011, pursuant to 4 CSR 240-3.161(8) and 4 CSR 240-20-090(5), GMO filed with the Missouri Public Service Commission (Commission) an application containing its sixth FAC true-up and supporting direct testimony and schedules.
2. Pursuant to 4 CSR 240-20-090(5) and 4 CSR 240-2.050, the Staff must submit its recommendation to the Commission regarding GMO’s filing by January 23, 2012.
3. The purpose of GMO’s true-up filing is to identify the amount of over- or under-recovery from the previous twelve-month recovery period under GMO’s FAC. GMO reports that it over-recovered \$293,135 from its customers in the MPS rate district and over-recovered \$146,284 from its customers in the L&P rate district. These over-recovered amounts are included in GMO’s current period Cost Adjustment Factors (CAF) in its semi-annual FAC filing in File No. ER-2012-0197 made on December 22, 2011 for Accumulation Period 9 (June 1, 2011 through November 30, 2011).

4. Attached as Appendix A is the Staff Memorandum recommending the Commission approve GMO's FAC true-up filing for Recovery Period 6. The Staff finds GMO's calculation for the Recovery Period 6 true-up amounts are correct and recommends the Commission approve GMO's application.

**WHEREFORE** the Staff files its analysis of and recommendation that the Commission approve GMO's sixth FAC true-up filing under the provisions in 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5).

Respectfully submitted,

/s/ Amy E. Moore

Amy E. Moore

Legal Counsel

Missouri Bar No. 61759

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-4140 (Telephone)  
(573) 751-9285 (Fax)  
amy.moore@psc.mo.gov

**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 23<sup>rd</sup> day of January, 2012.

/s/ Amy E. Moore

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2012-0196  
KCP&L Greater Missouri Operations Company

FROM: Leon Bender, Utility Regulatory Engineer I  
Matthew Barnes, Utility Regulatory Auditor IV

DATE: /s/John Rogers 01-23-2012                      /s/Amy Moore 01-23-2012  
Energy Department / Date                      Staff Counsel's Office / Date

SUBJECT: Staff's Analysis of and Recommendation Concerning KCP&L Greater Missouri Operations Company's Sixth Fuel Adjustment Clause True-up Filing Under the Provisions in 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5).

DATE: January 23, 2012

### Recommendation

Staff recommends the Commission approve KCP&L Greater Missouri Operations Company's (GMO) sixth true-up filing for Recovery Period 6 during which GMO over-recovered \$293,135 from its customers in the MPS rate district and over-recovered \$146,284 from its customers in the L&P rate district.

### Discussion

On December 22, 2011, GMO filed with the Commission, in the form of direct testimony and supporting schedules by Linda J. Nunn, its sixth fuel adjustment clause (FAC) true-up filing under the provisions in 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5). According to GMO's true-up filing, in the aggregate, GMO over-billed its customers in the former Aquila Networks-MPS territory (MPS rate district) \$293,135 and over-billed its customers in the former Aquila Networks-L&P territory (L&P rate district) \$146,284 during Recovery Period 6 (September 1, 2010 through August 31, 2011) that followed its Accumulation Period 6 (December 1, 2009 through May 31, 2010).

The Missouri Public Service Commission Staff (Staff) reviewed the direct testimony of GMO witness Linda J. Nunn, the supporting schedules GMO provided with its application in this case, and the monthly information GMO submitted to the Commission in accordance with 4 CSR 240-3.161(5).

In her direct testimony in this case, GMO witness Nunn refers to "amount collected" during the recovery period<sup>1</sup> and "amount collected" through the recovery mechanism<sup>2</sup>

---

<sup>1</sup> Nunn direct testimony at page 3, line 17

when referring to the amount recovered through the FAC during Recovery Period 6. This is consistent with GMO's FAC tariff sheet number 127.9 TRUE-UP AND PRUDENCE REVIEWS section which refers to "revenues collected" as follows:

There shall be prudence reviews of costs and the true-up of **revenues collected** with costs intended for collection. (Emphasis added)

Staff finds GMO's use of the word "collected" in the phrases "amount collected" in Ms. Nunn's direct testimony and "revenues collected" in its tariff sheet to be inconsistent with language in 4 CSR 240-20.090(5)(B) which states:

The true-up adjustment shall be the difference between the historical fuel and purchased power costs intended for collection during the true-up period and **billed revenues** associated with the RAM [Rate Adjustment Mechanism] during the true-up period. (Emphasis added)

Regardless of this confusion in terminology, as a result of its review of GMO's supporting schedules in this case and discussions with GMO personnel, Staff finds that GMO's calculation of the over- or under-recovery amounts for Recovery Period 6 are consistent with the Commission's rule 4 CSR 240-20.090(5)(B) as described in the direct testimony of GMO witness Nunn<sup>3</sup>:

The CAF [Cost Adjustment Factor] is calculated based upon projected kWh sales for the recovery period. Since the CAF is based upon a projected number, once actual sales are recorded, a difference exists between the estimate and the actual **kWh billed**. The difference will be "trued-up" in the next FAC filing. (Emphasis added)

In GMO's next general rate case, Staff will recommend that the phrase "revenues collected" in GMO's FAC tariff sheets be removed and the phrase "billed revenues" inserted to make the GMO FAC tariff sheet language consistent with the language in 4 CSR 240-20.090(5)(B) and to avoid unnecessary confusion on this issue. It has been standard practice for Staff not to modify tariff sheets between rate cases, as Staff believes the appropriate time to modify tariff sheets is in a general rate case.

Staff also verified with GMO and Staff auditors that the uncollected billed kWh revenues, which are not identified as either uncollected FAC or permanent rate revenues, are periodically written off to a bad debt expense account. Bad debt expense is recovered at an annualized level within a general rate case and does not impact the calculation of the FAC rate.

---

<sup>2</sup> Nunn direct testimony at page 4, line 2

<sup>3</sup> Nunn direct testimony at page 3, lines 18 through 21

Based on its review and analysis of information GMO filed and submitted for Recovery Period 6, Staff finds GMO's calculations for the true-up amounts for Recovery Period 6, including the calculation of monthly interest, are correct. Staff recommends the Commission approve GMO's sixth true-up filing for Recovery Period 6 during which GMO over-recovered \$293,135 from its customers in the MPS rate district and over-recovered \$146,284 from its customers in the L&P rate district. The over-recovered amounts for the MPS and L&P rate districts are included in GMO's current period Cost Adjustment Factors (CAF) in its semi-annual FAC filing in File No. ER-2012-0197 made on December 22, 2011 for Accumulation Period 9 (June 1, 2011 through November 30, 2011).

Staff has verified that GMO has filed its 2010 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(10) and its monthly reports as required by 4 CSR 240-3.161(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing.



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

In the Matter of the Application of       )  
KCP&L       Greater       Missouri       )  
Operations Company Containing its       )  
Annual Fuel Adjustment Clause       )  
True-Up       )

Case No. ER-2012-0196

**AFFIDAVIT OF MATTHEW J. BARNES**

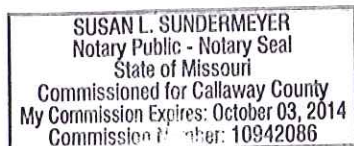
STATE OF MISSOURI       )  
  ) ss  
COUNTY OF COLE       )

Matthew J. Barnes, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Matthew J. Barnes

Subscribed and sworn to before me this 23<sup>rd</sup> day of January, 2012.



  
Notary Public