

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

In the Matter of KCP&L Greater Missouri)	
Operations Company for Authority to)	
Implement Rate Adjustments Required by)	<u>Case No. ER-2012-0478</u>
4 CSR 240-20.090(4) and the Company's)	Tariff No. JE-2012-0866
Approved Fuel Adjustment Clause)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through Staff Counsel's Office, and files its analysis and recommendation concerning KCP&L Greater Missouri Operations Company's (GMO) tariff sheet, 2nd Revised Sheet No. 127.10, bearing a proposed effective date of September 1, 2012, to revise the Cost Adjustment Factors (CAFs) of its Fuel Adjustment Clause (FAC). In support thereof, the Staff states as follows:

1. On June 29, 2012, pursuant to 4 CSR 240-20.090(4), GMO filed a proposed tariff sheet, filing letter, supporting direct testimony, and workpapers to revise the CAFs of its FAC.
2. Pursuant to 4 CSR 240-20.090(4) and 4 CSR 240-2.050, the Staff must submit its recommendation to the Commission regarding GMO's filing by July 30, 2012.
3. Staff notes that the proposed changes to GMO's CAFs will result in a decrease to a typical MPS residential customer's bill of approximately \$1.91 per month and a decrease to a typical L&P residential customer's bill of approximately \$1.47 per month, based on an average use of 867 kWh per month.

4. After analyzing GMO's filing, including the testimony and workpapers, Staff has issued its Staff Memorandum, attached as Appendix A, which recommends that the Commission approve GMO's filed 2nd Revised Tariff Sheet No. 127.10.

5. Staff is of the opinion that GMO's 2nd Revised Tariff Sheet No. 127.10 is correct and complies with all applicable Orders and rules. Thus, the Staff recommends the Commission issue an Order approving the following proposed revised tariff sheet, as filed on June 29, 2012, to become effective on September 1, 2012:

P.S.C. Mo. No. 1
2nd Revised Sheet No. 127.10 Canceling 1st Revised Sheet No. 127.10

WHEREFORE, the Staff files its analysis and recommendation that the Commission approve GMO's 2nd Revised Sheet No. 127.10 to revise the CAFs of its FAC, pursuant to 4 CSR 240-20.090(4).

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil
MoBar Number 33825

Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
(573) 526-4887
(573) 751-9285 (fax)
jeff.keevil@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 30th day of July, 2012.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2012-0478, Tariff Tracking No. JE-2012-0866
KCP&L Greater Missouri Operations Company

FROM: Matthew J. Barnes, Utility Regulatory Auditor IV
David Roos, Utility Regulatory Economist
Michelle A. Bocklage, Rate & Tariff Examiner II

DATE: /s/ John Rogers 07/30/2012 /s/ Jeff Keevil 07/30/2012
Energy Unit / Date Staff Counsel Division / 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 from Case No ER-2010-
0356.

DATE: July 30, 2012

Staff Recommendation

The Staff recommends the Commission issue an order approving the proposed revised tariff Sheet No. 127.10 of the Fuel Adjustment Clause ("FAC") of KCP&L Greater Missouri Operations Company ("GMO") as filed on June 29, 2012, to become effective on September 1, 2012, as requested by GMO.

Discussion

On June 29, 2012, GMO filed one (1) tariff sheet¹ bearing a proposed effective date of September 1, 2012 to revise its current annual Cost Adjustment Factors ("CAFs") (Items 15 and 18 on revised Sheet No. 127.10) of its FAC. Included in the filing on June 29, 2012, are the testimony of GMO witness Linda J. Nunn and GMO's workpapers. The testimony and work papers include information supporting GMO's calculation of the current annual Fuel and Purchased Power Adjustment ("FPA") amount of (\$1,798,217) for its former Aquila, Inc. d/b/a/ Aquila Networks – MPS ("MPS") rate district and FPA amount of \$321,634 for its former Aquila, Inc. d/b/a Aquila Networks - L&P ("L&P") rate district for Accumulation Period 10 (December 1, 2011 through May 31, 2012) resulting from the sum of:

¹ Tracking No. JE-2012-0866

1. 95% of the difference between the actual Total Energy Costs (fuel and purchased power costs plus emissions allowance costs less off-system sales revenue) and the Base Energy Costs for Accumulation Period 10 reflected on line 7 of 2nd Revised Sheet No. 127.10 of (\$1,916,328) and \$210,527 for MPS and L&P, respectively;
2. The true up of the under/over recovery for prior period amounts as a result of the CAFs for Recovery Period 7 (March 1, 2011 through February 29, 2012) filed by GMO on July 2, 2012 in File No. ER-2013-0002 reflected on line 8 of 2nd Revised Sheet No. 127.10 of (\$81,390) and (\$16,678) for MPS and L&P, respectively, and;
3. Interest reflected on line 9 of 2nd Revised Sheet No. 127.10 of \$199,501 and \$127,785 for MPS and L&P, respectively.

The MPS CAF rate of (\$0.0003) per kWh to be billed beginning September 1, 2012 (line 12 of 2nd Revised Sheet No. 127.10) is equal to the FPA amount of (\$1,798,217) divided by the forecasted retail net system input (“RNSI”) of 6,418,224,002 kWh (line 11 of 2nd Revised Sheet No. 127.10).

Similarly, the L&P CAF rate of \$0.0001 per kWh to be billed beginning September 1, 2012 (line 12 of 2nd Revised Sheet No. 127.10) is equal to the FPA amount of \$321,634 divided by the forecasted RNSI of 2,257,200,536 kWh (line 11 of 2nd Revised Sheet No. 127.10).

Because of a difference in line losses for MPS and L&P for both primary and secondary voltage service levels, there are different current period CAFs for service taken at primary and secondary voltages for MPS and for L&P.

The current annual CAFs are the sum of the current period CAF and the previous period CAF for MPS and L&P, respectively as reflected on lines 13 through 18 of 2nd Revised Sheet No. 127.10.

The Accumulation Periods, Recovery Periods, and other specifications of GMO’s FAC are set out in its tariff sheets designated Sheet Nos. 127.1 through 127.10.

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

Current Annual Cost Adjustment Factor - MPS			
Service	Proposed Current Annual CAF	Now-Effective Current Annual CAF	Difference
Primary	\$0.0018	\$0.0040	\$0.0022 Decrease
Secondary	\$0.0018	\$0.0040	\$0.0022 Decrease
Current Annual Cost Adjustment Factor – L&P			
Service	Proposed Current Annual CAF	Now-Effective Current Annual CAF	Difference
Primary	\$0.0046	\$0.0063	\$0.0017 Decrease
Secondary	\$0.0048	\$0.0065	\$0.0017 Decrease

The proposed change to the CAFs will result in a decrease to a typical MPS residential customer's bill of approximately \$1.91 per month and an decrease to a typical L&P residential customer's bill of approximately \$1.47 per month, based on an average use of 867 kWh per month.

The Staff reviewed revised Tariff Sheet No. 127.10, the direct testimony of Linda J. Nunn and workpapers in this filing, as well as GMO's monthly information filed in compliance with 4 CSR 240-3.161(5) for Accumulation Period 10, 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 2nd Revised Tariff Sheet No. 127.10 and the supporting schedules of Linda J. Nunn's direct testimony. The Staff also reviewed GMO's monthly interest rates that are applied to the over/under base fuel and purchased power costs for Accumulation Period 10 and verified that the monthly interest rates and calculations of interest amounts are correct for Accumulation Period 10.

The information filed with the revised tariff sheet and workpapers, as supplemented by GMO, include sufficient data to calculate GMO's CAFs based on the actual fuel, purchased power and emission allowance costs net of off-system sales revenue and base cost of fuel, purchased power and emission allowance costs net of off-system sales revenue GMO provided for Accumulation Period 10.

Staff Recommendation

The Staff is of the opinion that GMO timely filed 2nd Revised Tariff Sheet No. 127.10 and that it complies with the Commission's *Report and Order* in Case No. ER-2010-0356, 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(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

GMO has requested that 2nd Revised Tariff Sheet No. 127.10, filed June 29, 2012, become effective on September 1, 2012. Thus, the tariff sheet was filed with 63 days' notice. The Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on June 29, 2012, to become effective on September 1, 2012, as requested by GMO:

P.S.C. Mo. No. 1
2nd Revised Sheet No. 127.10 Canceling 1st Revised Sheet No. 127.10

The Staff has verified that GMO is not delinquent on any assessment and has filed its 2011 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). Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

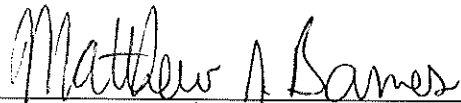
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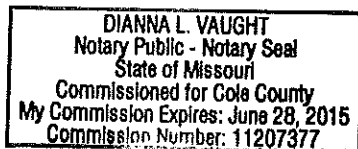
AFFIDAVIT OF MATTHEW J. BARNES

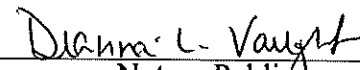
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

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 30th day of July, 2012.




Notary Public

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OF THE STATE OF MISSOURI**

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Operations Company for Authority to)
Implement Rate Adjustments Required by) Case No. ER-2012-0478
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AFFIDAVIT OF DAVID C. ROOS

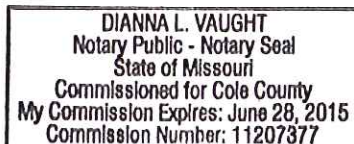
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

David C. Roos, 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.



David C. Roos

Subscribed and sworn to before me this 30th day of July, 2012.





Notary Public