

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 19th
day of September, 2017.

In the Matter of the Seventh Prudence Review of)	
Costs Subject to the Commission-Approved Fuel)	
Adjustment Clause of KCP&L Greater Missouri)	<u>File No. EO-2017-0232</u>
Operations Company)	

ORDER APPROVING STAFF'S PRUDENCE REVIEW

Issue Date: September 19, 2017

Effective Date: September 27, 2017

KCP&L Greater Missouri Operations Company ("GMO") has used a fuel adjustment clause ("FAC") since the Commission approved the use of that clause in the company's general rate case, ER-2007-0004.¹ Subsection 386.266.4(4), RSMo 2016, the statute that authorizes an electric utility to use a FAC, requires the Commission to conduct a prudence review of the utility's fuel costs no less frequently than at 18-month intervals. The 18-month prudence review is also required by Commission Rule 4 CSR 240-20.090(7).

On March 8, 2017, the Commission's Staff filed a notice stating that it started its seventh prudence audit on March 1, 2017. Commission Rule 4 CSR 240-20.090(7)(B) establishes a timeline that requires Staff to file a recommendation regarding the results of its audit no later than 180 days after it initiates its audit. The timeline then directs the Commission to issue an order regarding Staff's audit no later than 210 days after Staff

¹ The company was then known as Aquila, Inc., but was later purchased by Great Plains Energy, Inc., and renamed, KCP&L Greater Missouri Operations Company.

initiates its audit, unless within 190 days some party to the proceeding requests a hearing.

Staff filed its report regarding its prudence audit on August 28, 2017. Staff states that it examined and analyzed the costs and revenues associated with GMO's Commission-approved FAC for the period June 1, 2015 to November 30, 2016. This period corresponds to the seventeenth, eighteenth, and nineteenth sequential FAC accumulation periods. Staff did not identify any imprudence by GMO.

On September 7, 2017, the Office of the Public Counsel ("OPC") filed a *Response to Staff's Prudence Review Report and Results of OPC's Limited Fuel and Purchased Power Adjustment Clause Prudence Review*. OPC did not request a hearing, but indicated it was concerned after reviewing information related to "GMO's reliance on the Southwest Power Pool ("SPP") Integrated Market ("IM") in order to meet the energy needs of its native load during the review period . . . that GMO has not maintained cost-effective resources to meet its customers' energy needs without relying on the SPP IM."² OPC also voiced concerns that GMO's plan "to retire additional units could further impact GMO's capability to serve its native load with its own cost-effective resources."³

OPC reported that it intended to ask the Commission to order GMO to analyze its concerns in the special contemporary issues file, File No. EO-2018-0045. Additionally, OPC requested that the Commission leave this file open for the filing of additional information and analysis after it receives answers to data requests currently pending. OPC attached a detailed explanation of communication issues with GMO during data

² *Response to Staff's Prudence Review Report and Results of OPC's Limited Fuel and Purchased Power Adjustment Clause Prudence Review*, p. 1-2 (filed September 7, 2017).

³ *Id.*, p. 2.

requests, but did not file a motion to compel or request a suspension of the timeline in accordance with 4 CSR 240-20.090(7)B.1.

On September 14, 2017, GMO filed a reply to OPC's response. GMO argued that OPC's request to hold this file open should be denied. On September 18, 2017, OPC filed an additional response. OPC restated its argument that the file should be held open for a further filing once it had the opportunity to analyze all the data received from GMO. However, because no party filed a request for hearing by the 190th day after Staff initiated its audit, 4 CSR 240-20.090(7)B requires the Commission to issue an order by the 210th day. The Commission welcomes additional information from OPC, but because no further action will be taken in this file, that information should be filed in a more appropriate setting.

The Commission finds Staff's report and recommendation regarding its prudence review of GMO's fuel costs to be reasonable. Additionally, no party has requested a hearing. Therefore, the Commission will approve Staff's report.

Because no party requested a hearing and the statute and regulations do not provide for any additional action by the Commission, there is no need to hold this file open for additional information from OPC.

THE COMMISSION ORDERS THAT:

1. Staff's Report regarding its prudence audit of the costs subject to KCP&L Greater Missouri Operations Company fuel adjustment clause is approved.
2. This order shall become effective on September 27, 2017.

3. This file shall be closed on September 27, 2017.



BY THE COMMISSION

Morris L. Woodruff

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney,
Rupp, and Coleman, CC., concur.

Dippell, Senior Regulatory Law Judge

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 19th day of September 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

September 19, 2017

File/Case No. EO-2017-0232

**Missouri Public Service
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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

A handwritten signature in dark ink, reading "Morris L. Woodruff". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.