

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

In the Matter of)	
KCP&L Greater Missouri Operations Company)	<u>File No. HT-2011-0343</u>
Application for Authority to File Tariffs)	<u>Tariff No. YH-2012-0159</u>
Changing the Steam QCA for Service)	
Provided to Customers in its Service Territory)	

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Recommendation to Approve Tariff Sheet states:

1. On October 14, 2011, KCP&L Greater Missouri Operations Company ("GMO") filed with the Missouri Public Service Commission ("Commission") a tariff sheet bearing an effective date of December 1, 2011, to add the quarterly cost adjustment ("QCA") for the third quarter of 2011.

2. On September 28, 2011, the Commission had issued its *Report and Order* on the complaint by AG Processing, Inc., a Cooperative, against GMO ("Complaint") in File No. HC-2010-0235. In that *Report and Order* the Commission ordered, "KCP&L Greater Missouri Operations Company shall refund to its steam customers, through operation of the Quarterly Cost Adjustment, the net cost of operating its natural gas price hedging program for steam production in the amount of \$931,968 for 2006 and \$1,953,488 for 2007."

3. In its letter accompanying its third quarter 2011 QCA tariff sheet filed on October 14, 2011, GMO stated it had not included in that tariff sheet the adjustment the Commission had ordered in File No. HC-2010-0235.

4. On November 8, 2011, Staff filed its recommendation that the Commission reject the tariff sheet GMO filed on October 14, 2011, and order GMO to file a new 10th Revised Sheet

No. 6.10 that includes refund through GMO's QCA of the \$2,885,456¹ the Commission had ordered in File No. HC-2010-0235. On November 22, 2011, the Commission issued its *Order Rejecting Tariff and Requiring The Filing of a New Tariff* in this case, ordering that GMO include refund of the \$2,885,456 through its QCA in a new compliance tariff sheet and that the tariff sheet "bear an effective date of December 1, 2011." In that order the Commission stated it found the facts support the "good cause" required by section 393.140(11), RSMo 2000, for the Commission to allow changes to a tariff on less than 30 days' notice.

5. On November 23, 2011, GMO filed with the Commission one (1) tariff sheet bearing an issue date of November 23, 2011, and an effective date of December 1, 2011.

6. As explained in its Memorandum attached here as Appendix A and incorporated by reference, Staff has reviewed GMO's calculations related to the third quarter 2011 QCA compliance tariff sheet filing and found them to be correct and to satisfy the standards set forth on Sheet Nos. 6.6 through 6.10 of GMO's tariff. The calculations are consistent with previous GMO QCA tariff filings.

7. Staff also found that GMO has included the full refund amount of \$2,885,456 as the Commission has ordered.

WHEREFORE, Staff respectfully requests the Commission to issue an order approving the following proposed tariff sheet, as filed on November 23, 2011, to become effective on December 1, 2011, the ordered effective date:

P.S.C. MO. No. 1

10th Revised Sheet No. 6.10 Cancelling 9th Revised Sheet No. 6.10.

¹ In its *Order Rejecting Tariff and Requiring The Filing of a New Tariff* in this case, the Commission transposed two digits stating the sum of \$931,968 and \$1,953,488 is \$2,885,546, rather than \$2,885,456.

Respectfully Submitted,

/s/ John D. Borgmeyer

John D. Borgmeyer

Legal Counsel

Missouri Bar No. 61992

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to counsel of record on this 29th day of November, 2011.

/s/ John D. Borgmeyer

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. HT-2011-0343, Tariff Tracking No. YH-2012-0237
KCP&L Greater Missouri Operations Company

FROM: Leon Bender, Utility Regulatory Engineer I
Michelle Bocklage, Rate & Tariff Examiner

/s/ John Rogers 11/29/2011
Energy Department / Date

/s/ Sarah Kliethermes 11/29/2011
Staff Counsel Division / Date

SUBJECT: Staff Recommendation For **Approval** Of Tariff Sheet To Add The Quarterly Cost Adjustment For The Third Quarter Of 2011 To The Quarterly Cost Adjustment Rider Of KCP&L Greater Missouri Operations

DATE: November 29, 2011

Summary

On November 23, 2011, GMO filed with the Commission one (1) tariff sheet bearing an issue date of November 23, 2011 and an effective date of December 1, 2011. Staff reviewed the data and mathematical calculations GMO provided in its workpapers which included the refund ordered in File No. HC-2010-0235. Staff found GMO's calculations related to the third quarter 2011 QCA compliance tariff to be correct, and that the calculations satisfy the standards set forth on Sheet Nos. 6.6 through 6.10 of GMO's tariff. The calculations are also consistent with previous GMO QCA tariff filings. Staff found that GMO had included the full refund amount of \$2,885,456 ordered by the Commission in its *Order Rejecting Tariff And Requiring The Filing of a New Tariff* in this File.

Staff therefore recommends that the Commission **approve** the proposed tariff sheet, as filed on November 23, 2011, to become effective on December 1, 2011, as requested by GMO.

Background

On October 14, 2011, KCP&L Greater Missouri Operations Company ("GMO") filed with the Commission one (1) tariff sheet bearing an issue date of October 14, 2011 and an effective date of December 1, 2011 to add the quarterly cost adjustment ("QCA") for the third quarter of 2011. The adjustment is required by GMO's Quarterly Cost Adjustment Rider, which the Commission approved in Case No. HR-2005-0450, and modified in Case Nos. HR-2009-0092 and HR-2010-0028, for steam service on and after July 1, 2009.

GMO's filing included the proposed tariff sheet and workpapers consisting of four worksheets showing its calculation of the QCA for the third quarter of 2011.

The procedure for the calculation of the QCA for steam service sales occurring on and after July

1, 2009, is set out in Sheet Nos. 6.6 through 6.10 of GMO's tariff, which are entitled, "Quarterly Cost Adjustment Rider – Steam."

Staff reviewed the data and mathematical calculations GMO provided in its workpapers. Staff found GMO's calculations related to the third quarter 2011 QCA filing to be correct, and that the calculations satisfy the standards set forth on Sheet Nos. 6.6 through 6.10 of GMO's tariff. The calculations are also consistent with previous GMO QCA tariff filings.

On September 28, 2011, the Commission issued its *Report and Order* in the Complaint by AG Processing, Inc., A Cooperative Concerning Recoveries From Steam Customers Of Imprudently Incurred Amounts By Aquila, Inc. And Its Successors Including KCP&L Greater Missouri Operations Company ("Complaint") in File No. HC-2010-0235 with an effective date of October 8, 2011. In the *Report and Order* the Commission ordered GMO to refund to its steam customers, through the QCA, the net cost of operating its natural gas price hedging program for steam production in the amount of \$931,968 for 2006 and \$1,953,488 for 2007. In GMO's letter filed on October 14, 2011, GMO stated it did not included in its filing the adjustment ordered by the Commission in File No. HC-2010-0235.

On November 8, 2011 Staff filed its recommendation to reject the tariff sheet, as filed on October 14, 2011, to become effective on December 1, 2011, as requested by GMO. Staff also recommended the Commission order GMO to file a new 10th Revised Sheet No. 6.10 to include implementation of the full refund amount of \$2,885,456 ordered by the Commission in the CQCA for the third quarter of 2011.

On November 22, 2011 the Commission issued in this File its *Order Rejecting Tariff And Requiring The Filing of a New Tariff* directing GMO to file a new 10th Revised Sheet No. 6.10 to include implementation of the full refund amount of \$2,885,456 ordered by the Commission in the Current Quarterly Cost Adjustment ("CQCA") for the third quarter of 2011.

Recommendation

Staff therefore recommends that the Commission **approve** the following proposed tariff sheet, as filed on November 23, 2011, to become effective on December 1, 2011, as requested by GMO.

P.S.C. MO. No. 1

10th Revised Sheet No. 6.10 Canceling 9th Revised Sheet No. 6.10

Staff has verified that GMO is not delinquent on any assessment and has filed its 2010 annual report. Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

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

In the Matter of KCP&L Greater)	
Missouri Operations Company for)	
Authority to File Tariffs Changing the)	Case No. HT-2011-0343
Steam QCA for Service Provided to)	File No. YH-2012-0237
Customers in its Service Territory)	

AFFIDAVIT OF LEON C. BENDER

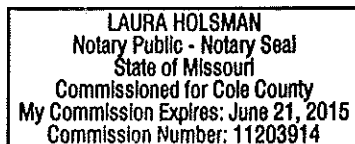
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Leon C. Bender, 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.



Leon C. Bender

Subscribed and sworn to before me this 29th day of November, 2011.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater
Missouri Operations Company for
Authority to File Tariffs Changing
the Steam QCA for Service
Provided to Customers in its
Service Territory

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Case No. HT-2011-0343
File No. YH-2012-0237

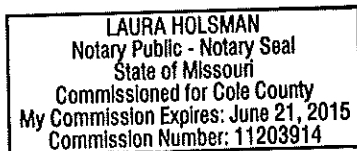
AFFIDAVIT OF MICHELLE BOCKLAGE


STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michelle Bocklage, of lawful age, on oath states: that she 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 her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.


Michelle Bocklage

Subscribed and sworn to before me this 29th day of November, 2011.




Notary Public