

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Kansas City)
Power & Light Company for Approval of its) Docket No. 14-KCPE-405-ACA
2013 Actual Cost Adjustment (ACA).)

**NOTICE OF FILING OF STAFF'S
REPORT AND RECOMMENDATION**

The Staff of the Corporation Commission of the State of Kansas ("Staff" and
"Commission", respectively), files its Report and Recommendation, and states the following:
Staff hereby files the attached Report and Recommendation recommending the Commission
approve Kansas City Power & Light's Application authorizing the use of its 2013 ACA factor.

Wherefore, Staff submits its Report and Recommendation for Commission review and
consideration and for such other relief as the Commission deems just and proper.

Respectfully submitted,



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Shari Feist Albrecht, Chair
Jay Scott Emler, Commissioner
Pat Apple, Commissioner

Sam Brownback, Governor

REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Pat Apple

FROM: Tim Rehagen, Auditor
Chad Unrein, Auditor
Kristina Luke Fry, Senior Auditor
Justin Grady, Chief of Accounting and Financial Analysis
Jeff McClanahan, Director of Utilities

DATE: August 26, 2014

SUBJECT: 14-KCPE-405-ACA: *In the Matter of the Application of Kansas City Power & Light Company for Approval of its 2013 Actual Cost Adjustment (ACA).*

EXECUTIVE SUMMARY:

On February 28, 2014, Kansas City Power and Light Company (KCP&L) filed an Application for approval of its annual ACA. KCP&L requested an ACA factor of \$0.00146 per kWh. Staff conducted an audit, discussed below, and recommends approval of KCP&L's request.

BACKGROUND:

On February 28, 2014, KCP&L filed an Application requesting approval of its ACA for the Energy Cost Adjustment (ECA) year ending December 31, 2013. Accompanying KCP&L's Application are the testimonies of KCP&L witnesses Wm. Edward Blunk and Ryan A. Bresette. KCP&L states in its Application that it experienced an under-recovery of \$9,270,043 for the ECA year 2013. This amount supports an ACA factor of \$0.00146 per kWh, which will increase the ECA factors for each month beginning April 2014 through March 2015. ACA factors are billed subject to a refund, pursuant to the KCP&L tariff. Schedule RAB-2, attached to Mr. Bresette's testimony, provides the monthly calculation of the annual (over)/under recovery of energy costs for the 2013 ECA year. Schedule RAB-3, attached to Mr. Bresette's testimony, provides the detail for each of the components that make up the total energy costs to be recovered, total ECA revenue collected, and the resulting ACA amount.

ANALYSIS:

Staff solicited from KCP&L, via data requests and e-mail, documentation supporting its Application and Schedules RAB-2 and RAB-3. Staff performed the majority of its audit in-house using the information gathered through this process. Once Staff's desk audit was complete, Staff met with KCP&L at its corporate offices in Kansas City. This meeting allowed

Staff to further question KCP&L about information provided in response to data requests and to review KCP&L's coal and rail transportation contracts. Staff notes that KCP&L personnel were cooperative and helpful when answering Staff's questions and providing requested supporting documentation. Staff audited KCP&L's actual fuel costs for the following months: August, September, October, and November 2013. For these months, Staff conducted an audit of the Application that consisted of:

- Testing the accuracy of the monthly settlement computations;
- Ensuring the ACA computed by KCP&L reflects the actual under/over recoveries and the actual sales to Kansas jurisdictional customers;
- Ensuring that the actual Fuel, Purchased Power, and Emissions costs recovered through the ECA are actual costs supported by vendor invoices and general ledger entries;
- Verifying that the ECA factor used to calculate the customer's bill agrees with the calculation that the company files with the Commission.

During Staff's audit, no material irregularities were found in the information provided.

RECOMMENDATION:

Staff recommends that the Commission approve KCP&L's Application authorizing the use of its 2013 ACA factor.

CERTIFICATE OF SERVICE

14-KCPE-405-ACA

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served by electronic service on this 9th day of September, 2014, to the following:

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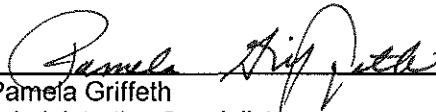
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