

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Linda J. Nunn
Type of Exhibit: Direct Testimony
Sponsoring Party: KCP&L Greater Missouri
Operations Company
Case No.: ER-2014-____
Date Testimony Prepared: December 31, 2013

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

LINDA J. NUNN

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OF

LINDA J. NUNN

Case No.

1 **Q: Please state your name and business address.**

2 A: My name is Linda J. Nunn. My business address is 1200 Main, Kansas City,

3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) as

6 Supervisor - Regulatory Affairs.

7 **Q: What are your responsibilities?**

8 A: My general responsibilities include the preparation of rate cases and rate case

9 support for both KCP&L and KCP&L Greater Missouri Operations Company

10 (“Company” or “GMO”). I am responsible for most aspects of the GMO Fuel

11 Adjustment Clause (“FAC”) as well as the GMO Steam Quarterly Cost

12 Adjustment (“QCA”). I am also responsible for various regulatory reporting and

13 general activities as they relate to the Missouri Public Service Commission

14 (“MPSC” or “Commission”).

15 **Q: Please describe your education.**

16 A: I received a Bachelors of Science Degree in Business Administration with a

17 concentration in Accounting from Northwest Missouri State University in

18 Maryville, Missouri.

19 **Q: Please provide your work experience.**

1 A: I became a Senior Regulatory Analyst with KCP&L in 2008, as a part of the
2 acquisition of Aquila, Inc., by Great Plains Energy. In 2013, I was promoted to
3 Supervisor - Regulatory Affairs. Prior to my employment with KCP&L, I was
4 employed by Aquila, Inc. for a total of eleven years. In addition to Regulatory, I
5 have had experience in Accounting, Audit, and Business Services, where I had
6 responsibility for guiding restructuring within the delivery division. In addition to
7 my utility experience I was the business manager and controller for two area
8 churches. Prior to that, I was an external auditor with Ernst & Whinney.

9 **Q: Have you previously testified in a proceeding before the MPSC or before any**
10 **other utility regulatory agency?**

11 A: I have provided written testimony in various filings made before the MPSC
12 relating to KCP&L GMO's FAC. I have also worked closely with many MPSC
13 Staff on numerous filings as well as on rate case issues.

14 **Q: What is the purpose of your testimony?**

15 A: GMO consists of two rate jurisdictions identified as All Territories Served as L&P
16 and MPS ("L&P" and "MPS," respectively). This FAC tariff filing consists of a
17 Fuel Adjustment Rate ("FAR") for each of the rate jurisdictions. My testimony
18 supports the rate schedule filed by GMO to adjust rates for the FAC includable
19 costs experienced during the six-month period June 2013 through November
20 2013. This six-month period is the thirteenth accumulation period under GMO's
21 FAC, which was originally approved by the Commission in Case No. ER-2007-
22 0004 ("2007 Case") and modified in Case Nos. ER-2009-0090, ER-2010-0356
23 ("2010 Case"), and ER-2012-0175 ("2012 Case"). The proposed change will

1 result in an decrease to a typical MPS residential customer’s bill of approximately
2 \$0.82 per month and a decrease of approximately \$1.10 per month to a typical
3 L&P residential customer’s bill.

4 **Q: Please explain why GMO filed the FAC adjustment rate schedules at this**
5 **time.**

6 A: The Commission’s rule governing fuel and purchased power cost recovery
7 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – requires
8 GMO to make periodic filings to allow the Commission to review the actual net
9 FAC includable costs the Company has incurred and to allow rates to be adjusted,
10 either up or down, to reflect those actual costs. The Commission’s rule requires at
11 least one such review and adjustment each year. GMO’s approved FAC calls for
12 two annual filings – one filing covering the six-month accumulation period
13 running from June through November and another filing covering the
14 accumulation period running from December through May. Any increases or
15 decreases in rates in these filings are then included in the customers’ bills over a
16 subsequent twelve-month recovery period. Since the conclusion of the 2007
17 Case, overall, the cost of fuel and purchased power necessary to meet the demand
18 for electricity by the Company’s customers has been higher than the amount
19 included in the base energy costs. Fuel and purchased power costs net of off
20 system sales revenues were rebased in the 2010 and 2012 Cases. The newest base
21 rates became effective on January 26, 2013. Even with the establishment of new
22 base rates, purchased power and emissions costs continue to rise as off system
23 sales margins continue to remain even or shrink.

1 For the accumulation period June 2013 through November 2013, GMO's actual
2 FAC includable costs exceeded the base costs included in base rates by
3 approximately \$0.8 million for L&P and \$5.0 million for MPS. In accordance
4 with the Commission's rule and GMO's approved FAC, GMO is filing the FAC
5 tariff that provides for a change in rates to recover 95% of those cost changes.

6 **Q: How did you develop the various values used to derive the proposed FAR**
7 **that are shown on Schedule LJN-1?**

8 A: The proposed tariff rates are shown in Schedule LJN-1. The filing made in
9 conjunction with this testimony contains all of the information as set in 4 CSR
10 240-3.161(7)(A) which supports these proposed rates. In addition, I am
11 submitting a copy of the workpapers that support the determination of the current
12 FAR.

13 **Q: Are there any correcting entries included in the True-Up Amount (T)?**

14 A: Yes. There is a correcting entry for misclassified costs. As we did research on
15 past hedge settlements to develop our testimony in the Company's Steam
16 complaint case, it became apparent that we had misclassified some of the hedge
17 settlements by charging those costs to our MPS electric jurisdiction instead of the
18 L&P Steam jurisdiction. We identified the total amount and took it times the
19 appropriate sharing percentage related to the FAC. Carrying costs were calculated
20 and added to the correction. The correcting entry was made on the books in
21 September 2013 business and has been included in item (T) in the FAC rate
22 calculation to return the inadvertent over-collection to our MPS electric retail
23 customers.

1 **Q: Please describe the impact of the change in costs and how it will affect a**
2 **typical customer.**

3 A: As stated above, GMO consists of two rate jurisdictions. This FAC tariff filing
4 consists of a FAR for each of the rate jurisdictions. The FAR for the current
5 period is \$0.00053 per kWh for primary voltage customers and \$0.00055 per kWh
6 for secondary voltage customers for MPS and \$0.00042 per kWh for primary
7 voltage customers and \$0.00043 per kWh for secondary voltage customers for
8 L&P. This is the difference between base FAC includable costs and the actual
9 costs incurred by the Company including interest and adjustments during the
10 June-November accumulation period over a recovery period running from March
11 2014 through February 2015.

12 The proposed FAR was calculated in the manner specified in the Company's
13 FAC. Attached to my testimony, as Schedule LJM-1, is a copy of the tariff sheet
14 with the current FAR, the prior period FAR and the total FAR that will be billed
15 to customers over the recovery period. The FAR calculated for the eleventh
16 accumulation period has been removed as its recovery period will cease on
17 February 28, 2014. The FAR for the twelfth accumulation period is added to the
18 FAR for the current accumulation period to provide the annual FAR. Thus, given
19 the proposed current FAR calculations, the annual FAR for MPS will be \$0.00111
20 per kWh for primary voltage customers and \$0.00115 per kWh for secondary
21 voltage customers and \$0.00197 per kWh for primary voltage customers and
22 \$0.00202 per kWh for secondary voltage customers for L&P. As stated earlier,
23 this will result in a decrease to a typical MPS residential customer's bill of

1 approximately \$0.82 per month and a decrease of approximately \$1.10 per month
2 to a typical L&P residential customer's bill.

3 **Q: If the rate schedules filed by GMO are approved or allowed to go into effect,**
4 **what safeguards exist to ensure that the revenues the Company bills to its**
5 **customers do not exceed the fuel and purchased power costs that GMO**
6 **actually incurred during the Accumulation Period?**

7 A: GMO's FAC and the Commission's rules provide two mechanisms to ensure that
8 amounts billed to customers do not exceed GMO's actual, prudently-incurred fuel
9 and purchased power costs. First, at the end of each recovery period the
10 Company is required to true up the amounts billed to customers through the FAR
11 with the excess fuel and purchased power costs that actually were incurred during
12 the accumulation period to which the FAR applies. Second, GMO's fuel and
13 purchased power costs are subject to periodic prudence reviews to ensure that
14 only prudently-incurred fuel and purchased power costs are billed to customers
15 through GMO's FAC. These two mechanisms serve as checks to ensure that the
16 Company's customers pay only the prudently-incurred, actual costs of fuel and
17 purchased power used to provide electric service.

18 **Q: Have each of these mechanisms been in effect throughout the FAC process**
19 **since its inception in the 2007 Case?**

20 A: Yes, GMO has been through four prudence reviews as well as nine true-up filings.
21 A prudence review of the first four accumulation periods has been completed and
22 the MPSC Staff indicated in each of their reports that there were no areas of
23 imprudence identified within the audits. The recommendation made by Staff in

1 the third prudence review covering the next three accumulation periods was taken
2 before the Commission. The Commission issued its order stating no indication of
3 imprudence by the Company. Staff's review of the next three accumulation
4 periods in its fourth prudence review again lead to a report stating no imprudence.
5 In addition, the Company has made nine true-up filings following the completion
6 of the recovery periods for the first through ninth accumulation periods. These
7 true-up filings were approved by the Missouri Public Service Commission.
8 Additionally, a tenth true-up filing is being made concurrent with this filing
9 covering the tenth accumulation period of December 2011 through May 2012 and
10 its corresponding recovery period of September 2012 through August 2013. The
11 Company's calculation of the under/over recovery for both MPS and L&P has
12 been included in the calculation of the current proposed tariff change.

13 **Q: What action is GMO requesting from the Commission with respect to the**
14 **rate schedules that the Company has filed?**

15 A: The Company requests the Commission approve the rate schedules to be effective
16 as of March 1, 2014.

17 **Q: Does this conclude your testimony?**

18 A: Yes, it does.

**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 4 CSR 240-20.090(4) and) Case No.
the Company's Approved Fuel and Purchased Power)
Cost Recovery Mechanism)

AFFIDAVIT OF LINDA J. NUNN

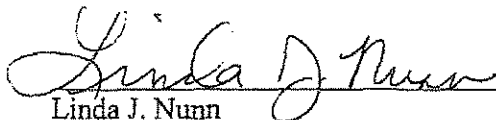
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Linda J. Nunn, being first duly sworn on her oath, states:

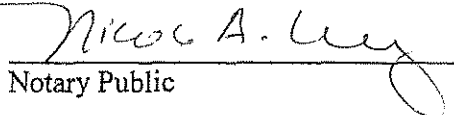
1. My name is Linda J. Nunn. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Supervisor - Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company For All Territories Served As L&P and MPS, consisting of Seven (7) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

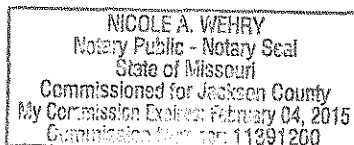
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


Linda J. Nunn

Subscribed and sworn before me this 31st day of December 2013.


Notary Public

My commission expires: Feb. ~1, 2015



STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 7th
 Canceling P.S.C. MO. No. 1 6th
KCP&L Greater Missouri Operations Company
KANSAS CITY, MO

Revised Sheet No. 127
 Revised Sheet No. 127
 For Territories Served as L&P and MPS

FUEL ADJUSTMENT CLAUSE – Rider FAC
 FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
 (Applicable to Service Provided January 26, 2013 and Thereafter)

Accumulation Period Ending:		November 30, 2013	
		MPS	L&P
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$81,079,260	\$24,162,340
2	Net Base Energy Cost (B)	-	\$76,123,625
	2.1 Base Factor (BF)	0.02278	0.02076
	2.2 Accumulation Period NSI (S _{AP})	3,341,686,787	1,126,641,000
3	(ANEC-B)	\$4,955,635	\$773,273
4	Jurisdictional Factor (J)	*	99.540%
5	(ANEC-B)*J	\$4,932,840	\$773,273
6	Customer Responsibility	*	95%
7	95% *((ANEC-B)*J)	\$4,686,198	\$734,609
8	True-Up Amount (T)	+	(\$1,533,169)
9	Interest (I)	+	\$101,071
10	Prudence Adjustment Amount (P)	+	\$0
11	Fuel and Purchased Power Adjustment (FPA)	=	\$3,254,100
12	Estimated Recovery Period Retail NSI (S _{RP})	÷	6,419,033,464
13	Current Period Fuel Adjustment Rate (FAR)	=	\$0.00051
14	Current Period FAR _{Prim} = FAR x VAF _{Prim}		\$0.00053
15	Prior Period FAR _{Prim}	+	\$0.00058
16	Current Annual FAR _{Prim}		\$0.00111
17	Current Period FAR _{Sec} = FAR x VAF _{Sec}		\$0.00055
18	Prior Period FAR _{Sec}	+	\$0.00060
19	Current Annual FAR _{Sec}		\$0.00115
	MPS VAF _{Prim} = 1.0419		
	MPS VAF _{Sec} = 1.0712		
	L&P VAF _{Prim} = 1.0421		
	L&P VAF _{Sec} = 1.0701		

Issued: December 31, 2013
 Issued by: Darrin R. Ives, Vice President

Effective: March 1, 2014