

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.:  
Date Testimony Prepared: June 29, 2012

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.:**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
June 2012**

**DIRECT TESTIMONY**

**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 Lead  
6       Regulatory Analyst, 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 merger between KCP&L and Aquila, Inc. Prior to my employment with KCP&L,  
3 I was employed by Aquila, Inc. for a total of eleven years. In addition to  
4 Regulatory, I have had experience in Accounting, Audit, and Business Services,  
5 where I had responsibility for guiding restructuring within the delivery division.  
6 In addition to my utility experience I was the business manager and controller for  
7 two area churches. Prior to that, I was an external auditor with Ernst & Whinney.

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

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

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

14 A: GMO consists of two rate jurisdictions identified as All Territories Served as L&P  
15 and MPS ("L&P" and "MPS," respectively). This FAC tariff filing consists of a  
16 Cost Adjustment Factor ("CAF") for each of the rate jurisdictions. My testimony  
17 supports the rate schedule filed by GMO to adjust rates for the FAC includable  
18 costs experienced during the six-month period December 2011 through May  
19 2012. This six-month period is the tenth accumulation period under GMO's FAC,  
20 which was originally approved by the Commission in Case No. ER-2007-0004  
21 ("2007 Case") and modified in Case Nos. ER-2009-0090 and ER-2010-0356  
22 ("2010 Case"). The proposed change will result in a decrease to a typical MPS

1 residential customer's bill of approximately \$2.00 per month and a decrease of  
2 approximately \$1.54 per month to a typical L&P residential customer's bill.

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

5 A: The Commission's rule governing fuel and purchased power cost recovery  
6 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – requires  
7 GMO to make periodic filings to allow the Commission to review the actual net  
8 FAC includable costs the Company has incurred and to allow rates to be adjusted,  
9 either up or down, to reflect those actual costs. The Commission's rule requires at  
10 least one such review and adjustment each year. GMO's approved FAC calls for  
11 two annual filings – one filing covering the six-month accumulation period  
12 running from June through November and another filing covering the  
13 accumulation period running from December through May. Any increases or  
14 decreases in rates in these filings are then included in the customers' bills over a  
15 subsequent twelve-month recovery period. Since the conclusion of the 2007  
16 Case, the cost of fuel and purchased power necessary to meet the demand for  
17 electricity by the Company's customers has been higher than the amount included  
18 in the base energy costs. Fuel and purchased power costs net of off system sales  
19 revenues were rebased in the 2010 Case. The new base rates became effective on  
20 July 1, 2011. Because of the inclusion of a more current level of costs included  
21 in base rates, the falling cost of natural gas and the corresponding falling cost of  
22 purchased power, the current six month accumulation period shows a declining  
23 level of fuel and purchased power costs net of off system sales.

1 For the accumulation period December 2011 through May 2012, GMO's actual  
2 FAC includable costs exceeded the base costs included in base rates by  
3 approximately \$.2 million for L&P. The actual FAC includable costs for MPS for  
4 the six month accumulation period were less than the costs included in base rates  
5 by approximately \$2.0 million. In accordance with the Commission's rule and  
6 GMO's approved FAC, GMO is filing the FAC tariff that provides for a change in  
7 rates to recover/refund 95% of those cost changes.

8 **Q: How did you develop the various values used to derive the proposed CAF**  
9 **that are shown on Schedule LJN-1?**

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

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

17 A: As stated above, GMO consists of two rate jurisdictions. This FAC tariff filing  
18 consists of a CAF for each of the rate jurisdictions. The CAF for the current  
19 period is (\$0.0003) per kWh for primary voltage customers and (\$0.0003) per  
20 kWh for secondary voltage customers for MPS and \$0.0001 per kWh for primary  
21 voltage customers and \$0.0001 per kWh for secondary voltage customers for  
22 L&P. This is the difference between base FAC includable costs and the actual  
23 costs incurred by the Company including interest and adjustments during the

1 December-May accumulation period over a recovery period running from

2 September 2012 through August 2013.

3 The proposed CAF was calculated in the manner specified in the Company's  
4 FAC. Attached to my testimony, as Schedule LJN-1, is a copy of the tariff sheet  
5 with the current CAF, the prior period CAF and the total CAF that will be billed  
6 to customers over the recovery period. The CAF calculated for the eighth  
7 accumulation period has been removed as its recovery period will cease on  
8 August 31, 2012. The CAF for the ninth accumulation period is added to the  
9 CAF for the current accumulation period to provide the annual CAF. Thus, given  
10 the proposed current CAF calculations, the annual CAF for MPS will be \$0.0018  
11 per kWh for primary voltage customers and \$0.0018 per kWh for secondary  
12 voltage customers and \$0.0046 per kWh for primary voltage customers and  
13 \$0.0048 per kWh for secondary voltage customers for L&P. As stated earlier, this  
14 will result in a decrease to a typical MPS residential customer's bill of  
15 approximately \$2.00 per month and a decrease of approximately \$1.54 per month  
16 to a typical L&P residential customer's bill.

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

21 **A:** GMO's FAC and the Commission's rules provide two mechanisms to ensure that  
22 amounts billed to customers do not exceed GMO's actual, prudently-incurred fuel  
23 and purchased power costs. First, at the end of each recovery period the Company

1 is required to true up the amounts billed to customers through the CAF with the  
2 excess fuel and purchased power costs that actually were incurred during the  
3 accumulation period to which the CAF applies. Second, GMO's fuel and  
4 purchased power costs are subject to periodic prudence reviews to ensure that  
5 only prudently-incurred fuel and purchased power costs are billed to customers  
6 through GMO's FAC. These two mechanisms serve as checks to ensure that the  
7 Company's customers pay only the prudently-incurred, actual costs of fuel and  
8 purchased power used to provide electric service.

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

11 A: Yes, GMO has been through two prudence reviews as well as six true-up filings.  
12 A prudence review of the first four accumulation periods has been completed and  
13 the MPSC Staff indicated in each of their reports that there were no areas of  
14 imprudence identified within the audits. A current prudence review covering the  
15 next three accumulation periods is currently open and before the Commission. In  
16 addition, the Company has made six true-up filings following the completion of  
17 the recovery periods for the first through sixth accumulation periods. These true-  
18 up filings were approved by the Missouri Public Service Commission.  
19 Additionally, a seventh true-up filing is being made concurrent with this filing  
20 covering the seventh accumulation period of June 2010 through November 2010  
21 and its corresponding recovery period of March 2011 through February 2012.  
22 The Company's calculation of the over recovery for both MPS and L&P has been  
23 included in the calculation of the current proposed tariff change.

1 Q:

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

4 A: The Company requests the Commission approve the rate schedules to be effective  
5 as of September 1, 2012.

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

7 A: Yes, it does.




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 )

**STATE OF MISSOURI            )**  
   **) ss**  
**COUNTY OF JACKSON          )**

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

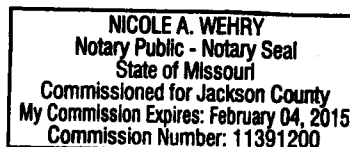
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
Linda J. Nunn

Subscribed and sworn before me this 29<sup>th</sup> day of June 2011.

Nicole A. Weary  
Notary Public

My commission expires: Feb. 4, 2015



## STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 2<sup>nd</sup> Revised Sheet No. 127.10  
 Canceling P.S.C. MO. No. 1 1<sup>st</sup> Revised Sheet No. 127.10  
**KCP&L Greater Missouri Operations Company** For Territory Served as L&P and MPS  
**KANSAS CITY, MO**

**FUEL ADJUSTMENT CLAUSE ELECTRIC (continued)**  
 (Applicable to Service Provided July 1, 2011 and Thereafter)

**COST ADJUSTMENT FACTOR**

		MPS	L&P
Accumulation Period Ending		05/31/12	05/31/12
1 Total Energy Cost (TEC)		\$67,770,190	\$21,583,721
2 Base energy cost (B)	-	\$69,797,309	\$21,362,114
3 First Interim Total		(\$2,027,119)	\$221,607
4 Jurisdictional Factor (J)	*	99.510%	100%
5 Second Interim Total		(\$2,017,187)	\$221,607
6 Customer Responsibility	*	95%	95%
7 Third Interim Total		(\$1,916,328)	\$210,527
8 Adjustment for Under / Over recovery for prior periods (C)	+	(\$81,390)	(\$16,678)
9 Interest (I)	+	\$199,501	\$127,785
10 Fuel and Purchased Power Adjustment (FPA)		(\$1,798,217)	\$321,634
11 RNSI	÷	6,418,224,002	2,257,200,536
12 Fourth Interim Total		(\$0.0003)	\$0.0001
13 Current period CAF <sub>Prim</sub> (= Line 12 * XF <sub>Prim</sub> )		(\$0.0003)	\$0.0001
14 Previous period CAF <sub>Prim</sub>	+	\$0.0021	\$0.0045
15 Current annual CAF <sub>Prim</sub>		\$0.0018	\$0.0046
16 Current period CAF <sub>Sec</sub> (= Line 12 * XF <sub>Sec</sub> )		(\$0.0003)	\$0.0001
17 Previous period CAF <sub>Sec</sub>	+	\$0.0021	\$0.0047
18 Current annual CAF <sub>Sec</sub>		\$0.0018	\$0.0048

**Expansion Factors (XF):****Territory:**

MPS

**Primary**

1.0419

**Secondary**

1.0712

L&amp;P

1.0421

1.0701

Issued: June 29, 2012

Issued by: Darrin R. Ives, Senior Director

Effective: September 1, 2012

**Schedule LJN-1**