

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Kansas City Power & Light
Case No.: ER-2017-_____
Date Testimony Prepared: August 1, 2016

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

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OF

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Case No. ER-2017-___

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

2 A: My name is Lisa A. Starkebaum. My business address is 1200 Main, Kansas
3 City, 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 responsibilities include the coordination, preparation and review of financial
9 information and schedules associated with the Company’s compliance filings for
10 both KCP&L and KCP&L Greater Missouri Operations Company (“Company” or
11 “GMO”).

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

13 A: In 1994, I received a Bachelor of Science Degree in Finance from Northwest
14 Missouri State University in Maryville, Missouri.

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

16 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department
17 assisting with month-end close and reporting responsibilities. In 1997, I joined
18 Aquila, Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting
19 group as an Accountant, until joining Regulatory Accounting Services as a

1 Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years
2 prior to beginning my employment with KCP&L in July 2008 as a part of the
3 acquisition of Aquila, Inc., by Great Plains Energy Incorporated. Since that time I
4 have held various positions with increasing responsibilities within Regulatory
5 Accounting Services and Regulatory Affairs, most recently as a Lead Regulatory
6 Analyst. As a Lead Analyst, my main areas of responsibility included the
7 preparation of FERC and jurisdictional reporting, and the preparation of rate cases
8 and rate case support for both KCP&L and GMO. In December 2015, I became a
9 Supervisor, Regulatory Affairs responsible for compliance reporting. In my
10 current position, I am responsible for overseeing the preparation and analysis of
11 various regulatory filings to ensure KCP&L and GMO are compliant with
12 existing jurisdictional rules and regulations, in addition to monitoring statutes and
13 rules for revisions and additions impacting future reporting requirements.
14 Additionally, I am responsible for the implementation of new reporting or
15 commitments resulting from various rate case orders and other regulatory filings.

16 **Q: Have you previously testified in a proceeding before the Missouri Public**
17 **Service Commission (“MPSC” or “Commission”) or before any other utility**
18 **regulatory agency?**

19 A: Yes, I have testified before the MPSC, the Kansas Corporation Commission
20 (“KCC” or “Commission”), and have provided written testimony before the
21 Public Utilities Commission of Colorado. In addition, I have worked closely with
22 many MPSC Staff on numerous filings as well as on rate case issues.

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

1 A: In Case No. ER-2014-0370, KCP&L was authorized to implement a Fuel
2 Adjustment Clause (“FAC”). A FAC is a way to ensure that the customer
3 segments pay only for the actual cost of fuel they use during a certain time period
4 rather than the estimated fuel costs set in base rates. This FAC tariff filing
5 consists of a Fuel Adjustment Rate (“FAR”) for the KCP&L Missouri rate
6 jurisdiction. My testimony supports the rate schedule filed by KCP&L to adjust
7 rates for the FAC includable costs experienced during the second accumulation
8 period which covered January 1, 2016 through June 30, 2016. The accumulation
9 periods approved by the Commission in Case No. ER-2014-0370 are January
10 through June and July through December. The proposed change will result in an
11 increase to a typical residential customer’s bill of approximately \$1.83 per month.

12 **Q: Please explain why KCP&L filed the FAC adjustment rate schedules at this**
13 **time.**

14 A: The Commission’s rule governing fuel and purchased power cost recovery
15 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – requires
16 KCP&L to make periodic filings to allow the Commission to review the actual net
17 FAC includable costs the Company has incurred and to allow rates to be adjusted,
18 either up or down, to reflect those actual costs. The Commission’s rule requires at
19 least one such review and adjustment each year. KCP&L’s approved FAC calls
20 for two annual filings – one filing covering the six-month accumulation period
21 running from January through June and another filing covering the accumulation
22 period running from July through December. Any increases or decreases in rates

1 in these filings are then included in the customers' bills over a subsequent 12-
2 month recovery period.

3 For this second accumulation period, KCP&L's actual FAC includable costs
4 exceeded the base costs included in base rates by approximately \$19.4 million. In
5 accordance with the Commission's rule and KCP&L's approved FAC, KCP&L is
6 filing the FAC tariff that provides for a change in rates to recover 95% of those
7 cost changes.

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

10 A: The proposed tariff rates are shown in Schedule LAS-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 FAR.

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

17 A: The proposed current period FAR is \$0.00214 per kWh for primary voltage
18 customers and \$0.00219 per kWh for secondary voltage customers. This is the
19 difference between base FAC includable costs and the actual costs incurred by the
20 Company including interest and adjustments during the second accumulation
21 period over a recovery period running from October 1, 2016 through September
22 30, 2017.

1 The proposed FAR was calculated in the manner specified in the
2 Company's FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the
3 tariff sheet with the current FAR, the prior period FAR and the total FAR that will
4 be billed to customers over the recovery period. The FAR for the first
5 accumulation period is added to the FAR for the current accumulation period to
6 provide the annual FAR. Thus, given the proposed current FAR calculations, the
7 annual FAR will be \$0.00292 per kWh for primary voltage customers and
8 \$0.00299 per kWh for secondary voltage customers. As stated earlier, this will
9 result in an increase to a typical residential customer's bill of approximately \$1.83
10 per month.

11 **Q: If the rate schedules filed by KCP&L are approved or allowed to go into**
12 **effect, what safeguards exist to ensure that the revenues the Company bills to**
13 **its customers do not exceed the fuel and purchased power costs that KCP&L**
14 **actually incurred during the Accumulation Period?**

15 A: KCP&L's FAC and the Commission's rules provide two mechanisms to ensure
16 that amounts billed to customers do not exceed KCP&L's actual, prudently-
17 incurred fuel and purchased power costs. First, at the end of each recovery period
18 the Company is required to true up the amounts billed to customers through the
19 FAR with the excess fuel and purchased power costs that were actually incurred
20 during the accumulation period to which the FAR applies. Second, KCP&L's
21 fuel and purchased power costs are subject to periodic prudence reviews to ensure
22 that only prudently-incurred fuel and purchased power costs are billed to
23 customers through KCP&L's FAC. These two mechanisms serve as checks to

1 ensure that the Company's customers pay only the prudently-incurred, actual
2 costs of fuel and purchased power used to provide electric service.

3 **Q: What action is KCP&L requesting from the Commission with respect to the**
4 **rate schedules that the Company has filed?**

5 A: The Company requests the Commission approve the rate schedules to be effective
6 as of October 1, 2016.

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

8 A: Yes, it does.

KANSAS CITY POWER AND LIGHT COMPANY

P.S.C. MO. No. 7 2nd Revised Sheet No. 50.5
 Canceling P.S.C. MO. No. 7 1st Original Sheet No. 50.5
 For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
 FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
 (Applicable to Service Provided October 1, 2015 and Thereafter)

Accumulation Period Ending:		June 30, 2016
		KCPL-MO
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$122,678,962
2	Net Base Energy Cost (B)	- \$89,330,991
	2.1 Base Factor (BF)	\$0.01186
	2.2 Accumulation Period NSI (S _{AP})	7,532,123,999
3	(ANEC-B)	\$33,347,971
4	Jurisdictional Factor (J)	* 56.785%
5	(ANEC-B)*J	\$19,406,509
6	Customer Responsibility	* 95%
7	95% *((ANEC-B)*J)	\$18,436,184
8	True-Up Amount (T)	+ \$0
9	Interest (I)	+ \$124,572
10	Prudence Adjustment Amount (P)	+ \$0
11	Fuel and Purchased Power Adjustment (FPA)	= \$18,560,756
12	Estimated Recovery Period Retail NSI (S _{RP})	÷ 9,045,290,583
13	Current Period Fuel Adjustment Rate (FAR)	= \$0.00205
14	Current Period FAR _{Prim} = FAR x VAF _{Prim}	\$0.00214
15	Prior Period FAR _{Prim}	+ \$0.00078
16	Current Annual FAR _{Prim}	\$0.00292
17	Current Period FAR _{Sec} = FAR x VAF _{Sec}	\$0.00219
18	Prior Period FAR _{Sec}	+ \$0.00080
19	Current Annual FAR _{Sec}	\$0.00299
	VAF _{Prim} = 1.0452	
	VAF _{Sec} = 1.0707	