

Fuel	In Cost of Service	2012 Actual	2013 Actual	2014 Actual
Natural Gas	903,972	2,916,741	1,828,129	1,387,603
Oil	0	23,264	19,147	35,242

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2 **Q: Are there any other flaws in Mr. Brosch’s position that natural gas and oil do not**
3 **merit fuel adjustment clause treatment?**

4 A: Yes. There are volume risk issue and price risk issues with SPP’s IM and SPP’s
5 centralized dispatch of units within its consolidated balancing authority. Because SPP
6 has more units available for dispatch, more load to serve, and different transmission
7 issues than KCP&L, it dispatches the Company’s units differently than KCP&L did when
8 it was a standalone balancing authority. That creates more uncertainty regarding how the
9 units are operated in both the level of use and timing of use. Prior to implementation of
10 the IM, KCP&L could for the most part predict if it would need natural gas generation for
11 the next day. Under the IM, we typically receive dispatch instruction for our natural gas
12 units after the “next day” gas market has closed. That means we do not know if our gas
13 units will need fuel until the day they need the fuel leaving us to buy “same day” gas.
14 Anecdotal evidence suggests unpublished “same day” gas prices are more volatile than
15 published “next day” prices.

16 **Q: Mr. Brosch appears to argue that any element of Net Energy Costs can be excluded**
17 **from the FAC. What would happen if the FAC does not include all of the elements**
18 **of Net Energy Cost in the Company’s proposed FAC?**

19 A: Such an FAC would be an unbalanced adjustment mechanism and would likely fail to
20 accomplish the goals sought to be achieved by Section 386.266. There are offsets
21 between some of the elements in the Company’s proposed FAC. For example, the