

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-2017-\_\_\_\_  
Date Testimony Prepared: July 1, 2016

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**Case No. ER-2017-\_\_\_\_**

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 (“GMO” or “Company”). 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.

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

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

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

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

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

16 A: GMO consists of two rate jurisdictions identified as All Territories Served as L&P  
17 and MPS ("L&P" and "MPS," respectively). This FAC tariff filing consists of a  
18 Fuel Adjustment Rate ("FAR") for each of the rate jurisdictions. My testimony  
19 supports the rate schedule filed by GMO to adjust rates for the FAC includable  
20 costs experienced during the six-month period December 2015 through May  
21 2016. This six-month period is the eighteenth accumulation period under GMO's  
22 FAC, which was originally approved by the Commission in Case No. ER-2007-  
23 0004 ("2007 Case") and modified in Case Nos. ER-2009-0090, ER-2010-0356

1 (“2010 Case”), and ER-2012-0175 (“2012 Case”). The proposed change will  
2 result in a decrease to a typical MPS residential customer’s bill of approximately  
3 \$1.66 per month and a decrease of approximately \$1.65 per month to a typical  
4 L&P residential customer’s bill.

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

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

1 customers has decreased over the most recent accumulation period. Therefore,  
2 those reductions in costs are flowed back to the customer.

3 For the accumulation period December 2015 through May 2016, GMO's  
4 actual FAC includable costs did not reach the base costs included in base rates by  
5 approximately \$3.6 million for L&P and \$9.9 million for MPS. In accordance  
6 with the Commission's rule and GMO's approved FAC, GMO is filing the FAC  
7 tariff that provides for a change in rates to return to customers 95% of those cost  
8 changes.

9 In addition, a true-up filing is being made concurrent with this filing  
10 covering the fifteenth accumulation period of June 2014 through November 2014  
11 and its corresponding recovery period of March 2015 through February 2016.  
12 Contained within this true-up calculation is a correction of \$0.9 million for L&P  
13 and \$3.6 million for MPS, for a total over-recovery of \$4.3 million for L&P and  
14 \$12.7 million for MPS. Please see my direct testimony related to the true-up  
15 filing made in conjunction with this tariff filing for an explanation of the  
16 correction.

17 **Q: How did you develop the various values used to derive the proposed FARs**  
18 **that are shown on Schedule LJN-1?**

19 A: The proposed tariff rates are shown in Schedule LJN-1. The filing made in  
20 conjunction with this testimony contains all of the information as set in 4 CSR  
21 240-3.161(7)(A) which supports these proposed rates. In addition, I am  
22 submitting a copy of the workpapers that support the determination of the current  
23 FAR.

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 current period FAR for  
5 MPS is (\$0.00203) per kWh for primary voltage customers and (\$0.00209) per  
6 kWh for secondary voltage customers and (\$0.00198) per kWh for primary  
7 voltage customers and (\$0.00203) 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 December - May accumulation period over a recovery period running from  
11 September 2016 through August 2017.

12 The proposed FAR was calculated in the manner specified in the  
13 Company's FAC. Attached to my testimony, as Schedule LJM-1, is a copy of the  
14 tariff sheet with the current FAR, the prior period FAR and the total FAR that will  
15 be billed to customers over the recovery period. The FAR calculated for the  
16 sixteenth period has been removed as its recovery period will cease on August 31,  
17 2016. The FAR for the seventeenth accumulation period is added to the FAR for  
18 the current accumulation period to provide the annual FAR. Thus, given the  
19 proposed current FAR calculations, the annual FAR for MPS will be (\$0.00210)  
20 per kWh for primary voltage customers and (\$0.00216) per kWh for secondary  
21 voltage customers and (\$0.00249) per kWh for primary voltage customers and  
22 (\$0.00255) 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 \$1.66 per month and a decrease of approximately \$1.65 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 six prudence reviews as well as fourteen true-up  
21 filings. A prudence review of the first two accumulation periods were completed,  
22 and 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 six accumulation periods  
4 in its fourth, fifth and sixth prudence reviews again lead to reports stating no  
5 imprudence. In addition, the Company has made fourteen true-up filings  
6 following the completion of the recovery periods for the first through fourteenth  
7 accumulation periods. These true-up filings were approved by the MPSC.  
8 Additionally, a fifteenth true-up filing is being made concurrent with this filing  
9 covering the fifteenth accumulation period of June 2014 through November 2014  
10 and its corresponding recovery period of March 2015 through February 2016.  
11 The Company's calculation of the over recoveries for L&P and MPS has been  
12 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 September 1, 2016.

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**

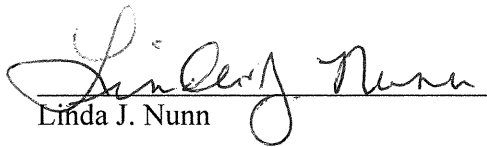
**STATE OF MISSOURI )**  
**) ss**  
**COUNTY OF JACKSON )**

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

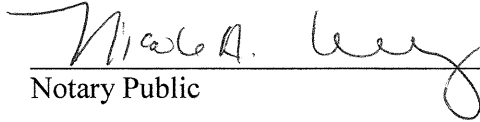
1. My name is Linda J. Nunn. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Supervisor - Regulatory Affairs.

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.

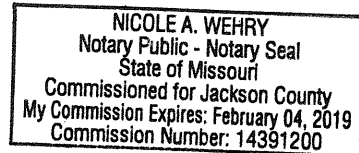
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
 Linda J. Nunn

Subscribed and sworn before me this 1<sup>st</sup> day of July 2016.

  
 Notary Public

My commission expires: Feb. 4, 2019



STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 12th  
 Canceling P.S.C. MO. No. 1 11th  
**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:		May 31, 2016	
		MPS	L&P
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$56,731,770	\$18,231,341
2	Net Base Energy Cost (B)	-	\$66,723,827
	2.1 Base Factor (BF)	0.02278	0.02076
	2.2 Accumulation Period NSI (S <sub>AP</sub> )	2,929,052,999	1,054,057,000
3	(ANEC-B)	(\$9,992,057)	(\$3,650,882)
4	Jurisdictional Factor (J)	*	99.531%
5	(ANEC-B)*J	(\$9,945,242)	(\$3,650,882)
6	Customer Responsibility	*	95%
7	95% *((ANEC-B)*J)	(\$9,447,980)	(3,468,338)
8	True-Up Amount (T)	+	(\$3,202,215)
9	Interest (I)	+	(\$32,661)
10	Prudence Adjustment Amount (P)	+	\$0
11	Fuel and Purchased Power Adjustment (FPA)	=	(\$12,682,856)
12	Estimated Recovery Period Retail NSI (S <sub>RP</sub> )	÷	6,509,095,346
13	Current Period Fuel Adjustment Rate (FAR)	=	(\$0.00195)
14	Current Period FAR <sub>Prim</sub> = FAR x VAF <sub>Prim</sub>		(\$0.00203)
15	Prior Period FAR <sub>Prim</sub>	+	(\$0.00007)
16	Current Annual FAR <sub>Prim</sub>		(\$0.00210)
17	Current Period FAR <sub>Sec</sub> = FAR x VAF <sub>Sec</sub>		(\$0.00209)
18	Prior Period FAR <sub>Sec</sub>	+	(\$0.00007)
19	Current Annual FAR <sub>Sec</sub>		(\$0.00216)
	MPS VAF <sub>Prim</sub> = 1.0419		
	MPS VAF <sub>Sec</sub> = 1.0712		
	L&P VAF <sub>Prim</sub> = 1.0421		
	L&P VAF <sub>Sec</sub> = 1.0701		

Issued: July 1, 2016  
 Issued by: Darrin R. Ives, Vice President

Effective: September 1, 2016