

Exhibit No.:  
Issue: Fuel Adjustment Clause  
Witness: Linda J. Nunn  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Kansas City Power & Light Company  
Case No.: ER-2016-\_\_\_\_  
Date Testimony Prepared: February 1, 2016

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**Case No. ER-2016-\_\_\_**

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” or  
6 “Company”) as 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”). I am responsible for most aspects of the KCP&L Fuel Adjustment  
11 Clause (“FAC”). I am also responsible for various regulatory reporting and  
12 general activities as they relate to the Missouri Public Service Commission  
13 (“MPSC” or “Commission”).

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

15 A: I received a Bachelors of Science Degree in Business Administration with a  
16 concentration in Accounting from Northwest Missouri State University in  
17 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: In Rate Case No. ER-2014-0370, KCP&L was authorized to implement a Fuel  
17 Adjustment Clause ("FAC"). A FAC is a way to ensure that the customer  
18 segments pay only for the actual cost of fuel they use during a certain time period  
19 rather than the estimated fuel costs set in base rates. This FAC tariff filing  
20 consists of a Fuel Adjustment Rate ("FAR") for the KCP&L Missouri rate  
21 jurisdiction. My testimony supports the rate schedule filed by KCP&L to adjust  
22 rates for the FAC includable costs experienced during the first partial  
23 accumulation period which covered September 29, 2015 (effective date of rates

1 for Rate Case No. ER-2014-0370) through December 31, 2015. The  
2 accumulation periods approved by the Commission in Case No. ER-2014-0370  
3 are January through June and July through December. The proposed change will  
4 result in an increase to a typical residential customer's bill of approximately \$0.67  
5 per month or less than 1%.

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

8 A: The Commission's rule governing fuel and purchased power cost recovery  
9 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – requires  
10 KCP&L to make periodic filings to allow the Commission to review the actual net  
11 FAC includable costs the Company has incurred and to allow rates to be adjusted,  
12 either up or down, to reflect those actual costs. The Commission's rule requires at  
13 least one such review and adjustment each year. KCP&L's approved FAC calls  
14 for two annual filings – one filing covering the six-month accumulation period  
15 running from January through June and another filing covering the accumulation  
16 period running from July through December. Any increases or decreases in rates  
17 in these filings are then included in the customers' bills over a subsequent 12-  
18 month recovery period.

19 For this first accumulation period, KCP&L's actual FAC includable costs  
20 exceeded the base costs included in base rates by approximately \$7.2 million. In  
21 accordance with the Commission's rule and KCP&L's approved FAC, KCP&L is  
22 filing the FAC tariff that provides for a change in rates to recover 95% of those  
23 cost changes.

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

3 A: The proposed tariff rates are shown in Schedule LJN-1. The filing made in  
4 conjunction with this testimony contains all of the information as set in 4 CSR  
5 240-3.161(7)(A) which supports these proposed rates. In addition, I am  
6 submitting a copy of the workpapers that support the determination of the current  
7 FAR.

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

10 A: The proposed FAR is \$0.00078 per kWh for primary voltage customers and  
11 \$0.00080 per kWh for secondary voltage customers. This is the difference  
12 between base FAC includable costs and the actual costs incurred by the Company  
13 including interest and adjustments during the first accumulation period over a  
14 recovery period running from April 2016 through March 2017.

15 The proposed FAR was calculated in the manner specified in the  
16 Company's FAC. Attached to my testimony, as Schedule LJN-1, is a copy of the  
17 tariff sheet with the current FAR that will be billed to customers over the recovery  
18 period.

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

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

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

14 A: The Company requests the Commission approve the rate schedules to be effective  
15 as of April 1, 2016.

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

17 A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light )  
Company for Authority to Implement Rate )  
Adjustments Required by 4 CSR 240-20.090(4) )  
And the Company's Approved Fuel and Purchased ) Case No.  
Power Cost Recovery Mechanism )

AFFIDAVIT OF LINDA J. NUNN

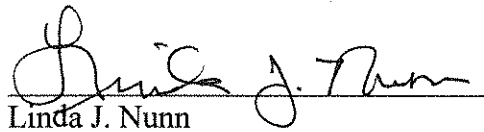
STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )

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

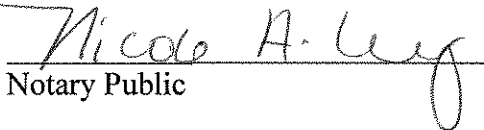
1. My name is Linda J. Nunn. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company ("KCP&L") as Supervisor - Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L, consisting of five (5) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

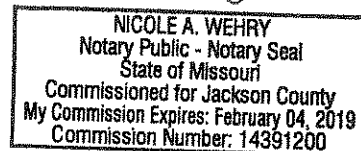
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
Linda J. Nunn

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

  
Notary Public

My commission expires: Feb 4 2019



**KANSAS CITY POWER AND LIGHT COMPANY**

P.S.C. MO. No. 7 1st Revised Sheet No. 50.5  
 Canceling P.S.C. MO. No. 7  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:		December 31, 2015
		KCPL-MO
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$55,486,931
2	Net Base Energy Cost (B)	- \$43,129,156
	2.1 Base Factor (BF)	\$0.01186
	2.2 Accumulation Period NSI (S <sub>AP</sub> )	3,636,522,469
3	(ANEC-B)	\$12,357,774
4	Jurisdictional Factor (J)	* 58.199%
5	(ANEC-B)*J	\$7,165,415
6	Customer Responsibility	* 95%
7	95% *((ANEC-B)*J)	\$6,807,145
8	True-Up Amount (T)	+ \$0
9	Interest (I)	+ \$6,937
10	Prudence Adjustment Amount (P)	+ \$0
11	Fuel and Purchased Power Adjustment (FPA)	= \$6,814,082
12	Estimated Recovery Period Retail NSI (S <sub>RP</sub> )	÷ 9,048,770,207
13	Current Period Fuel Adjustment Rate (FAR)	= \$0.00075
14	Current Period FAR <sub>Prim</sub> = FAR x VAF <sub>Prim</sub>	\$0.00078
15	Prior Period FAR <sub>Prim</sub>	+ \$0.00000
16	Current Annual FAR <sub>Prim</sub>	\$0.00078
17	Current Period FAR <sub>Sec</sub> = FAR x VAF <sub>Sec</sub>	\$0.00080
18	Prior Period FAR <sub>Sec</sub>	+ \$0.00000
19	Current Annual FAR <sub>Sec</sub>	\$0.00080
	VAF <sub>Prim</sub> = 1.0452	
	VAF <sub>Sec</sub> = 1.0707	