

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: KCP&L Greater Missouri
Operations Company
Case No.: ER-2018-0180
Date Testimony Prepared: December 29, 2017

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

**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. ER-2018-0180
the Company's Approved Fuel and Purchased Power)
Cost Recovery Mechanism)

AFFIDAVIT OF LISA A. STARKEBAUM

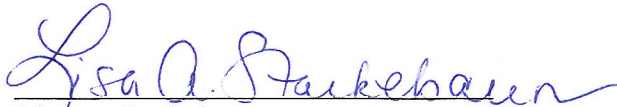
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Lisa A. Starkebaum, being first duly sworn on her oath, states:

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

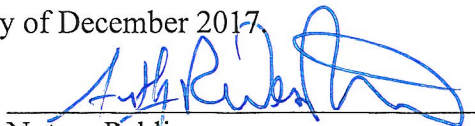
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of eight (8) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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.



Lisa A. Starkebaum

Subscribed and sworn before me this 21st day of December 2017.



Notary Public

My commission expires: 4/26/2021



DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2018-0180

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 various reporting
11 requirements to ensure KCP&L and GMO are compliant with its jurisdictional
12 rules and regulations, in addition to the implementation of new reporting or
13 commitments resulting from various rate case orders and other regulatory filings.

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

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

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

22 A: In Case No. ER-2007-0004 (“2007 Case”), GMO was authorized to implement a
23 Fuel Adjustment Clause (“FAC”). A FAC is a way to ensure that customers pay

1 only for the actual cost of fuel they use during a certain time period rather than the
2 estimated fuel costs set in base rates. This FAC tariff filing consists of a Fuel
3 Adjustment Rate (“FAR”) for GMO. My testimony supports the rate schedule
4 filed by GMO to adjust rates for the FAC includable costs experienced during the
5 six-month period June 2017 through November 2017. This six-month period
6 represents the 21st accumulation period under GMO’s FAC, which was originally
7 approved by the Commission in the 2007 Case and modified in Case Nos. ER-
8 2009-0090, ER-2010-0356 (“2010 Case”), ER-2012-0175 (“2012 Case”), and
9 ER-2016-0156 (“2016 Case”). The proposed FAC charge for residential
10 customers will be \$0.00126 per kWh. Based on usage of 1,000 kWh per month,
11 the customer will see a monthly charge of \$1.26. This represents an increase of
12 \$0.80 to a GMO residential customer’s monthly bill above the prior FAC.

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

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

1 decreases in rates in these filings are then included in the customers' bills over a
2 subsequent 12-month recovery period. Since the conclusion of the 2016 Case,
3 overall, the cost of fuel and purchased power necessary to meet the demand for
4 electricity by the Company's customers has been higher than the amount included
5 in the base energy costs. Fuel and purchased power costs net of off system sales
6 revenues were rebased in the 2010 Case, the 2012 Case, and the 2016 Case. The
7 actual net energy costs to provide energy to customers has increased over the
8 most recent accumulation period.

9 For the 21st accumulation period covering June 2017 through November
10 2017, GMO's actual FAC includable costs exceeded the base energy costs
11 included in base rates by approximately \$9.2 million. In accordance with the
12 Commission's rule and GMO's approved FAC, GMO is filing the FAC tariff that
13 provides for a change in rates to recover 95% of those cost changes.

14 In addition, a true-up filing is being made concurrent with this filing
15 covering the 18th accumulation period of December 2015 through May 2016 and
16 its corresponding recovery period of September 2016 through August 2017. The
17 18th accumulation period true-up amount is an over-recovery of \$546,583.

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

20 A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in
21 conjunction with this testimony contains all of the information as set in 4 CSR
22 240-3.161(7)(A) which supports these proposed rates. In addition, I am

1 submitting a copy of the workpapers that support the determination of the current
2 FAR.

3 **Q: Is there anything impacting this semi-annual FAC filing that should be**
4 **mentioned?**

5 A: Yes, GMO's actual FAC includable costs exceeding the base energy costs are
6 higher in this accumulation than they were in the previous accumulation.
7 There are several factors contributing to this increase. First, the higher Actual Net
8 Energy Costs ("ANEC") in the 21st accumulation period of June through
9 November are driven by seasonal differences compared to the previous 20th
10 accumulation period of December through May. Retail load requirements are
11 naturally higher in the summer months. Second, the includable FAC costs
12 exceeding the base energy costs are higher during this accumulation period due to
13 the effective date of rates in 2016 Case of February 22, 2017. During this 21st
14 accumulation period, rates were effective for all six months, but were only
15 effective for approximately three months in the 20th accumulation period. Lastly,
16 as a result of the 2016 Case in which GMO requested and was granted
17 authorization to consolidate its MPS and L&P rate jurisdictions, the allowable
18 transmission costs in the FAC were increased and the GMO FAC base factor was
19 reduced.

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

22 A: The proposed current period FAR for GMO is \$0.00099 per kWh for primary
23 voltage customers and \$0.00102 per kWh for secondary voltage customers. This

1 is the difference between base FAC includable costs and the actual costs incurred
2 by the Company including interest during the 21st accumulation period of June
3 2017 through November 2017 and will be billed over the recovery period running
4 from March 2018 through February 2019.

5 The proposed FAR was calculated in the manner specified in the
6 Company's FAC tariff, Sheet Nos. 127.1 – 127.12, that were effective February
7 22, 2017. Attached to my testimony, as Schedule LAS-1, is a copy of the tariff
8 sheet with the current FAR, the prior period FAR and the total FAR that will be
9 billed to customers over the recovery period. The FAR calculated for the 19th
10 accumulation period has been removed as its recovery period will cease on
11 February 2018. The FAR for the 20th accumulation period is added to the FAR
12 for the current 21st accumulation period to provide the annual FAR. Thus, given
13 the proposed current FAR calculations, the annual FAR for GMO will be
14 \$0.00122 per kWh for primary voltage customers and \$0.00126 per kWh for
15 secondary voltage customers. As stated earlier, based on usage of 1,000 kWh per
16 month, this will result in an increase to a GMO residential customer's bill of
17 \$0.80 per month.

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

22 A: GMO's FAC and the Commission's rules provide two mechanisms to ensure that
23 amounts billed to customers do not exceed GMO's actual, prudently-incurred fuel

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

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

12 A: Yes, GMO has been through seven prudence reviews to date. In all prudence
13 reviews, the MPSC Staff indicated in each of their reports that there were no areas
14 of imprudence identified within the audits with the exception of Staff's
15 recommendation in GMO's third prudence review which was taken before the
16 Commission. However, following the Commission's review, the Commission
17 issued its order stating no indication of imprudence by the Company. In addition,
18 the Company has made 17 true-up filings, all of which were approved by the
19 MPSC. Additionally, an 18th true-up filing is being made concurrent with this
20 filing covering the 18th accumulation period of December 2015 through May
21 2016 and its corresponding recovery period of September 2016 through August
22 2017. The Company's calculation of the true-up and over-recovery for GMO has
23 been included in the calculation of the current proposed tariff change.

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

3 A: The Company requests the Commission approve the rate schedule to be effective
4 as of March 1, 2018.

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

6 A: Yes, it does.

KCP&L GREATER MISSOURI OPERATIONS COMPANY

P.S.C. MO. No. 1 2nd Revised Sheet No. 127.12

Canceling P.S.C. MO. No. 1 1st Revised Sheet No. 127.12

For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
 FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
 (Applicable to Service Provided February 22, 2017 and Thereafter,
 Effective for the Billing Months of March 2018 through August 2018)

Accumulation Period Ending:			November 2017
			GMO
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		\$101,262,789
2	Net Base Energy Cost (B)	-	\$91,974,053
	2.1 Base Factor (BF) *		0.02055
	2.2 Accumulation Period NSI (S _{AP})		4,475,623,000
3	(ANEC-B)		\$9,288,736
4	Jurisdictional Factor (J)	x	99.647188%
5	(ANEC-B)*J		\$9,255,964
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		\$8,793,166
8	True-Up Amount (T)	+	(\$546,583)
9	Interest (I)	+	\$68,815
10	Prudence Adjustment Amount (P)	+	\$0
11	Fuel and Purchased Power Adjustment (FPA)	=	\$8,315,398
12	Estimated Recovery Period Retail NSI (S _{RP})	÷	8,761,343,321
13	Current Period Fuel Adjustment Rate (FAR)	=	\$0.00095
14	Current Period FAR _{Prim} = FAR x VAF _{Prim}		\$0.00099
15	Prior Period FAR _{Prim}	+	\$0.00023
16	Current Annual FAR _{Prim}	=	\$0.00122
17	Current Period FAR _{Sec} = FAR x VAF _{Sec}		\$0.00102
18	Prior Period FAR _{Sec}	+	\$0.00024
19	Current Annual FAR _{Sec}	=	\$0.00126
	VAF _{Prim} = 1.0419		
	VAF _{Sec} = 1.0709		