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-2019-0413
Date Testimony Prepared:	June 28, 2019

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(8) and the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism	)))))	Case No. ER-2019-0413

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Lisa A. Starkebaum, being first duly sworn on his 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 Manager - 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 eleven (11) 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
Lisa A. Starkebaum

Subscribed and sworn before me this 28th day of June 2019.

Anthony R. Westenkirchner
Notary Public

My commission expires: 4/26/2021

ANTHONY R WESTENKIRCHNER
Notary Public, Notary Seal
State of Missouri
Platte County
Commission # 17279952
My Commission Expires April 26, 2021

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2019-0413

Q: Please state your n ame and business address.

A: My name is Lisa A. Starkebaum. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L") as Manager - Regulatory Affairs.

Q: What are your responsibilities?

A: My responsibilities include the coordination, preparation and review of financial information and schedules associated with the Company's compliance filings for Westar, KCP&L and KCP&L Greater Missouri Operations Company ("Company" or "GMO").

Q: Please describe your education.

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

Q: Please provide your work experience.

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

Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years prior to beginning my employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by Great Plains Energy Incorporated. Since that time, I have held various positions with increasing responsibilities within Regulatory Accounting Services and Regulatory Affairs. As a Lead Analyst in the Regulatory Affairs department, my main areas of responsibility included the preparation of FERC and jurisdictional reporting, and the preparation of rate cases and rate case support for both KCP&L and GMO. In December 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing a team dedicated to compliance reporting and was later promoted to Manager, Regulatory Affairs effective June 2018. In my current position, I am responsible for overseeing various reporting requirements to ensure Westar, KCP&L and GMO are compliant with its jurisdictional rules and regulations, in addition to the implementation of new reporting or commitments resulting from various rate case orders and other regulatory filings. In addition, I oversee the coordination, review and filing of the various rider mechanisms utilized by Westar, KCP&L and GMO.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("MPSC" or "Commission") or before any other utility regulatory agency?

A: Yes, I have testified before the MPSC, the Kansas Corporation Commission ("KCC" or "Commission"), and have provided written testimony before the Public Utilities Commission of Colorado. I have sponsored testimony in Missouri related to various tariff filings involving rider mechanisms utilized by the

Company. In addition, I have worked closely with both MPSC and KCC Staff on numerous filings and rate case matters.

Q: What is the purpose of your testimony?

A: In Case No. ER-2007-0004 ("2007 Case"), GMO was authorized to implement a Fuel Adjustment Clause ("FAC"). A FAC is a way to ensure that customers pay only for the actual cost of fuel they use during a certain time-period rather than the estimated fuel costs set in base rates. This FAC tariff filing consists of a Fuel Adjustment Rate ("FAR") for GMO. My testimony supports the rate schedule filed by GMO to adjust rates for the FAC includable costs experienced during the six-month period December 2018 through May 2019. This six-month period represents the 24th accumulation period under GMO's FAC, which was originally approved by the Commission in the 2007 Case and modified in Case Nos. ER-2009-0090, ER-2010-0356 ("2010 Case"), ER-2012-0175 ("2012 Case"), ER-2016-0156 ("2016 Case"), and ER-2018-0146 ("2018 Case"). The proposed FAC charge for residential customers is $0.00546 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $5.46. This represents an increase of $0.54 to a GMO residential customer's monthly bill above the prior FAC.

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

A: The Commission's rule governing fuel and purchased power cost recovery mechanisms for electric utilities – specifically 4 CSR 240-20.090(8)(A) – requires GMO to make periodic filings to allow the Commission to review the actual net

FAC includable costs the Company has incurred and to allow rates to be adjusted, either up or down, to reflect those actual costs. The Commission's rule requires at least one such review and adjustment each year. GMO's approved FAC calls for two annual filings – one filing covering the six-month accumulation period running from June through November and another filing covering the accumulation period running from December through May. Any increases or decreases in rates in these filings are then included in the customers' bills over a subsequent 12-month recovery period.

For the 24th accumulation period covering December 2018 through May 2019, GMO's actual FAC includable costs exceeded the base energy costs included in base rates by approximately $15.3 million, a decrease of $15.6 million from the prior 23rd accumulation period. In accordance with the Commission's rule and GMO's approved FAC, GMO is filing the FAC tariff that provides for a change in rates to recover 95% of those cost changes, or approximately $14.4 million before interest.

In addition, a true-up filing is being made concurrent with this filing covering the 21st accumulation period of June 2017 through November 2017 and its corresponding recovery period of March 2018 through February 2019. The proposed 21st accumulation period true-up amount is an over-collection of $197,557.

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

A: GMO's actual FAC includable costs exceeded the base energy costs by $15.3 million. There are a couple of factors contributing to this overage. The rise in purchased power requirements was driven by retail load requirements and unit outages during this accumulation period. Both February and March had higher than normal retail load requirements due to 30% colder than normal weather. In addition, recent flooding events within our service territory caused the Iatan generating station to be removed from service the latter part of March. Also, Jeffrey Energy Center had planned maintenance outages that began in February; however, was extended through May.

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

A: Yes, there are several additional items to note.

First, as a result of the 2018 Case, there are two base factors during the 24th accumulation period. The actual net energy costs were calculated separately for each base factor and corresponding time-period. From December 1, 2018 through December 5, 2018, the base factor was $0.02055. The proposed FAR for these 5 days was calculated in the manner specified in the Company's FAC tariff, Sheet Nos. 127.1 – 127.12, that were effective February 22, 2017. Effective December 6, 2018, the effective date of rates in the 2018 Case, the base factor is $0.02240. The proposed FAR for December 6, 2018 through May 31, 2019, was calculated in the manner specified in the Company's FAC tariff, Sheet Nos. 127.13 – 127.23. For transmission, substation, primary and secondary customers, the current loss factors or Voltage Adjustment Factor ("VAF") from the 2018 Case were applied to the FAR.

Second, in Case No. EO-2019-0045, GMO provided notice of its election, effective January 1, 2019, to make the plant in service accounting ("PISA") deferrals permitted under section 393.1400 RSMo. Due to the rate cap limitations set forth in the rule under the provisions of section 393.1655 RSMo, GMO has performed the calculations to determine the impact, if any, of this semi-annual FAC filing on the Average overall Rate and Class Average Overall Rate for the Large Power ("LP") customer class effective December 6, 2018, the effective date of rates in Case No. ER-2018-0146. As shown in the GMO PISA Calculation schedule provided with this filing, the 3% cap on the Average Overall Rate was not exceeded; however, the 2% cap on the Class Average Overall Rate was exceeded. Therefore, GMO has limited the increase in the FAC charge applicable to LP customers to 2% of the class average overall rate for that rate class. During this accumulation period, the amount in excess of the 2% cap totaled $878,747. The Fuel and Purchased Power Adjustment ("FPA") for the LP customer class has been reduced by this amount and included for recovery by all other GMO Non-Large Power ("Non-LP") customer classes, per section 393.1655.6 RSMo. In addition, as requested by Staff during PISA discussions held earlier this year, the Company has updated its Estimated Recovery Period Retail NSI to distinguish the LP kWh NSI separately from all other Non-LP customer classes. The LP projected kWh for the recovery period of September 2019 through August 2020 is projected to be 24.26% of the total projected kWh. This percentage has been applied to the 24th Accumulation Period.

Finally, the presentation of materials and supporting documentation provided in this semi-annual FAC filing has been changed to comply with the Final Order of Rulemaking to amend 4 CSR 240-20.090 Fuel and Purchased Power Rate Adjustment Mechanism that became effective on January 30, 2019. This semi-annual filing follows the guidelines for Periodic Changes to Fuel Adjustment Rates as provided in 4 CSR 240-20.090(8).

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

A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in conjunction with this testimony contains all the information as set in 4 CSR 240-20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting a copy of the workpapers that support the determination of the current FAR.

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

A: The proposed current period FARs for GMO Large Power and Non-Large Power customers by voltage level is shown below:

Proposed Current Period FARs ($ per kWh)		
Voltage	Large Power Customers	Non-Large Power Customers
Transmission	$ 0.00130	$ 0.00186
Substation	$ 0.00131	$ 0.00186
Primary	$ 0.00132	$ 0.00189
Secondary	$ 0.00134	$ 0.00192

This is the difference between base FAC includable costs and the actual costs incurred by the Company including interest during the 24th accumulation period of December 2018 through May 2019 and will be billed over the recovery period running from September 2019 through August 2020.

The proposed FAR was calculated in the manner specified in the Company's FAC tariff. Attached to my testimony, as Schedule LAS-1, is a copy of the tariff sheet with the current FAR, the prior period FAR and the total FAR that will be billed to customers over the recovery period. The FAR calculated for the 22nd accumulation period has been removed as its recovery period will cease in August 2019. The FAR for the 23rd accumulation period is added to the FAR for the current 24th accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR for GMO Large Power and Non-Large Power customers is shown in the table below:

Proposed Current Annual FARs ($ per kWh)		
Voltage	Large Power Customers	Non-Large Power Customers
Transmission	$ 0.00361	$ 0.00531
Substation	$ 0.00362	$ 0.00531
Primary	$ 0.00363	$ 0.00534
Secondary	$ 0.00372	$ 0.00546

As stated earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC charge of $5.46 or an increase to a GMO residential customer's bill of $0.54 per month.

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

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

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

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

A: Yes, GMO has been through eight prudence reviews to date. In the most recent prudence review, Case No. EO-2019-0067, Staff found no evidence of imprudence for the items examined during the review period; however, the Office of Public Counsel has challenged the allocation of charges for the auxiliary electric power used by GMO for its steam operations. This issue is pending negotiations and/or evidentiary hearings currently scheduled for August 2019. In all previous prudence reviews, the MPSC Staff indicated in each of their reports that there were no areas of imprudence identified within the audits with the exception of Staff's recommendation in GMO's third prudence review which was taken before the Commission. However, following the Commission's review, the Commission issued its order stating no indication of imprudence by the Company. In addition, the Company has made 20 true-up filings, all of which were approved by the MPSC. The 21st true-up filing is being made concurrent with this filing covering the 21st accumulation period of June 2017 through November 2017 and its corresponding recovery period of March 2018 through February 2019. The Company's calculation of the proposed true-up resulting in an over-recovery for GMO has been included in the calculation of the current proposed tariff change.

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

A: The Company requests the Commission approve the rate schedule to be effective as of September 1, 2019.

Q: Does this conclude your testimony?

A: Yes, it does.

KCP&L GREATER MISSOURI OPERATIONS COMPANY

P.S.C. MO. No. 1 1st Revised Sheet No. 127.23

Canceling P.S.C. MO. No. Original Sheet No. 127.23

For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
(Applicable to Service Provided December 6, 2018 and Thereafter,
Effective for the Billing Months of September 2019 through February 2020)

Accumulation Period Ending: May 2019					
			GMO	**Large Power**	**Non-LP**
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$110,543,085		
2	Net Base Energy Cost (B)	-	$95,264,354		
	2.1 Base Factor (BF)		*		
	2.2 Accumulation Period NSI (S_{AP})		4,262,951,000		
3	(ANEC-B)		$15,278,731		
4	Jurisdictional Factor (J)	x	99.586104%		
5	(ANEC-B)*J		$15,215,493		
6	Customer Responsibility	x	95%		
7	95% *((ANEC-B)*J)		$14,454,718		
8	True-Up Amount (T)	+	($197,557)		
9	Interest (I)	+	$791,699		
10	Prudence Adjustment Amount (P)	+	$0		
11	Fuel and Purchased Power Adjustment (FPA)	=	$15,048,860	$2,764,839**	$12,284,021
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,834,485,853	2,143,286,200	6,691,199,653
13	Current Period Fuel Adjustment Rate (FAR)	=		$0.00129	$0.00184
14	Current Period FAR_{Sec} = FAR x VAF_{Sec}			$0.00134	$0.00192
15	Prior Period FAR_{Sec}	+		$0.00238	$0.00354
16	Current Annual FAR_{Sec}	=		$0.00372	$0.00546
17	Current Period FAR_{Prim} = FAR x VAF_{Prim}			$0.00132	$0.00189
18	Prior Period FAR_{Prim}	+		$0.00231	$0.00345
19	Current Annual FAR_{Prim}	=		$0.00363	$0.00534
20	Current Period FAR_{Sub} = FAR x VAF_{Sub}			$0.00131	$0.00186
21	Prior Period FAR_{Sub}	+		$0.00231	$0.00345
22	Current Annual FAR_{Sub}	=		$0.00362	$0.00531
23	Current Period FAR_{Trans} = FAR x VAF_{Trans}			$0.00130	$0.00186
24	Prior Period FAR_{Trans}	+		$0.00231	$0.00345
25	Current Annual FAR_{Trans}	=		$0.00361	$0.00531
26	VAF_{Sec} = 1.0426				
27	VAF_{Prim} = 1.0268				
28	VAF_{Sub} = 1.0133				
29	VAF_{Trans} = 1.0100				

*From December 1, 2018 through December 5, 2018, the base factor was $0.02055. As ordered by the Commission in Rate Case No. ER-2018-0146, effective December 6, 2018, the base factor is $0.02240.
**In accordance with Section 393.1655.6, the Current Period Fuel Adjustment Rate (FAR) is calculated by limiting the Fuel and Purchased Power Adjustment (FPA) to 2% per annum for the Large Power rate class beginning December 6, 2018. Non-LP includes all other rate classes.

Issued: June 28, 2019 Effective: September 1, 2019
Issued by: Darrin R. Ives, Vice President 1200 Main, Kansas City, MO 64105