

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.:  
Date Testimony Prepared: December 22, 2011

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.:**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
December 2011**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**Case No.**

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 Lead  
6       Regulatory Analyst, 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      ("Company" or "GMO"). 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.

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

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

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

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

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

14 A: GMO consists of two rate jurisdictions identified as All Territories Served as L&P  
15 and MPS ("L&P" and "MPS," respectively). This FAC tariff filing consists of a  
16 Cost Adjustment Factor ("CAF") for each of the rate jurisdictions. My testimony  
17 supports the rate schedule filed by GMO to adjust rates for the FAC includable  
18 costs experienced during the six-month period June 2011 through November  
19 2011. This six-month period is the ninth accumulation period under GMO's  
20 FAC, which was originally approved by the Commission in Case No. ER-2007-  
21 0004 ("2007 Case") and modified in Case Nos. ER-2009-0090 and ER-2010-0356  
22 ("2010 Case"). The proposed change will result in a decrease to a typical MPS

1 residential customer's bill of approximately \$0.61 per month and an increase of  
2 approximately \$3.29 per month to a typical L&P residential customer's bill.

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

5 A: The Commission's rule governing fuel and purchased power cost recovery  
6 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – requires  
7 GMO to make periodic filings to allow the Commission to review the actual net  
8 FAC includable costs the Company has incurred and to allow rates to be adjusted,  
9 either up or down, to reflect those actual costs. The Commission's rule requires at  
10 least one such review and adjustment each year. GMO's approved FAC calls for  
11 two annual filings – one filing covering the six-month accumulation period  
12 running from June through November and another filing covering the  
13 accumulation period running from December through May. Any increases or  
14 decreases in rates in these filings are then collected from or refunded to customers  
15 over a subsequent twelve-month recovery period. Since the conclusion of the  
16 2007 Case and the rebased fuel costs ordered in the 2010 Case, the costs of fuel  
17 and purchased power necessary to meet the demand for electricity by the  
18 Company's customers has been higher than the amount included in the base  
19 energy costs. A number of factors caused these costs to be higher, including the  
20 following: (i) higher natural gas; (ii) higher purchased power costs; and (iii)  
21 higher coal and freight costs. In addition, during the current six-month  
22 accumulation period, the L&P service territory was significantly impacted by the  
23 2011 Missouri River flooding. The flooding resulted in major disruptions of rail

1 service for coal deliveries, forcing the Company to engage in coal conservation  
2 and reduce generation at certain of the Company's coal units. Reduced  
3 availability of coal units resulted in increased use of more expensive generation  
4 and purchased power

5 For the accumulation period June 2011 through November 2011, GMO's actual  
6 FAC includable costs exceeded the base costs included in base rates by  
7 approximately \$26.9 million. In accordance with the Commission's rule and  
8 GMO's approved FAC, GMO is filing the FAC tariff that provides for an increase  
9 in rates to recover 95% of those cost increases.

10 **Q: How did you develop the various values used to derive the proposed CAF**  
11 **that are shown on Schedule LJM-1?**

12 A: The proposed tariff rates are shown in Schedule LJM-1. The filing made in  
13 conjunction with this testimony contains all of the information as set in 4 CSR  
14 240-3.161(7)(A) which supports these proposed rates. In addition, I am  
15 submitting a copy of the workpapers that support the determination of the current  
16 CAF.

17 **Q: Please describe the impact of the increase in costs and how it will affect a**  
18 **typical customer.**

19 A: As stated above, GMO consists of two rate jurisdictions. This FAC tariff filing  
20 consists of a CAF for each of the rate jurisdictions. The CAF for the current  
21 period is \$0.0021 per kWh for primary voltage customers and \$0.0021 per kWh  
22 for secondary voltage customers for MPS and \$0.0045 per kWh for primary  
23 voltage customers and \$0.0047 per kWh for secondary voltage customers for

1 L&P. This is the difference between base FAC includable costs and the actual  
2 costs incurred by the Company during the June - November accumulation period  
3 over a recovery period running from March 2012 through February 2013.  
4 The proposed CAF was calculated in the manner specified in the Company's  
5 FAC. Attached to my testimony, as Schedule LJN-1, is a copy of the tariff sheet  
6 with the current CAF, the prior period CAF and the total CAF that will be billed  
7 to customers over the recovery period. The CAF calculated for the seventh  
8 accumulation period has been removed as its recovery period will cease on  
9 February 29, 2012. The CAF for the eight accumulation period is added to the  
10 CAF for the current accumulation period to provide the annual CAF. Thus, given  
11 the proposed current CAF calculations, the annual CAF for MPS will be \$0.0040  
12 per kWh for primary voltage customers and \$0.0040 per kWh for secondary  
13 voltage customers and \$0.0063 per kWh for primary voltage customers and  
14 \$0.0065 per kWh for secondary voltage customers for L&P. As stated earlier, this  
15 will result in a decrease to a typical MPS residential customer's bill of  
16 approximately \$0.61 per month and an increase of approximately \$3.29 per month  
17 to a typical L&P residential customer's bill.

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 collects do**  
20 **not exceed the fuel and purchased power costs that GMO actually incurred**  
21 **during the Accumulation Period?**

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

1 incurred fuel and purchased power costs. First, at the end of each recovery period  
2 the Company is required to true up the amounts collected from customers through  
3 the CAF with the excess fuel and purchased power costs that actually were  
4 incurred during the accumulation period to which the CAF applies. Second,  
5 GMO's fuel and purchased power costs are subject to periodic prudence reviews  
6 to ensure that only prudently-incurred fuel and purchased power costs are  
7 collected from customers through GMO's FAC. These two mechanisms serve as  
8 checks to ensure that the Company's customers pay only the prudently-incurred,  
9 actual costs of fuel and 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 two prudence reviews as well as five true-up filings.  
13 A prudence review of the first four accumulation periods has been completed and  
14 the MPSC Staff indicated in each of their reports that there were no areas of  
15 imprudence identified within the audits. In addition, the Company has made five  
16 true-up filings following the completion of the recovery periods for the first  
17 through fifth accumulation periods. These true-up filings were approved by the  
18 Missouri Public Service Commission. Additionally, a sixth true-up filing is being  
19 made concurrent with this filing covering the sixth accumulation period of  
20 December 2009 through May 2010 and its corresponding recovery period of  
21 September 2010 through August 2011. The Company's calculation of the over  
22 recovery for both MPS and L&P has been included in the calculation of the  
23 current proposed tariff change.

1 **Q: Are there any other adjustments included in the current semi-annual filing?**

2 A: Yes, there are two. Through internal review of previous filings, it was determined  
3 that GMO had inadvertently included interest costs different from the rates stated  
4 in its testimony. Those rates have been corrected for the months June 2009  
5 through May 2011. This correction provided for a reduction of interest costs of  
6 \$231,281 for MPS and \$26,753 for L&P. This correction has been made within  
7 the interest line of the current CAF calculation. In addition, the MPSC issued an  
8 order on September 9, 2011 in Case No. EO-2008-0216 directing the Company to  
9 refund amounts accumulated during the first 34 days of the original FAC. Those  
10 accumulated amounts plus interest amounted to refunds of \$2,015,472 for MPS  
11 and \$494,469 for L&P. These refunds have been included in the current CAF  
12 calculation on the "Adjustment for Under / Over recovery for prior periods and  
13 Modifications due to prudence reviews (C)" line of the current CAF calculation.

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

16 A: The Company requests the Commission approve the rate schedules to be effective  
17 as of March 1, 2012.

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

19 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**

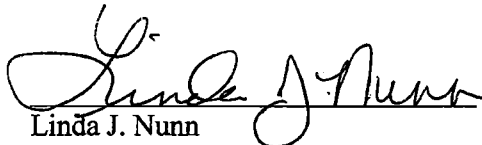
**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF JACKSON** )

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

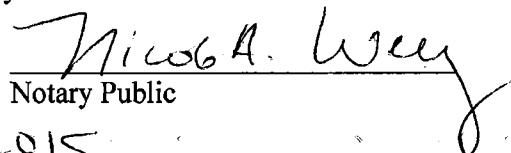
1. My name is Linda J. Nunn. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Lead Regulatory Analyst, Regulatory Affairs.

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.

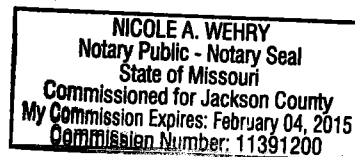
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
Linda J. Nunn

Subscribed and sworn before me this 22<sup>nd</sup> day of December 2011.

  
Notary Public

My commission expires: Feb 4, 2015



## STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1<sup>st</sup> Revised Sheet No. 127.10  
 Canceling P.S.C. MO. No. 1 Original Sheet No. 127.10  
**KCP&L Greater Missouri Operations Company** For Territory Served as L&P and MPS  
**KANSAS CITY, MO**

**FUEL ADJUSTMENT CLAUSE ELECTRIC (continued)**  
 (Applicable to Service Provided July 1, 2011 and Thereafter)

**COST ADJUSTMENT FACTOR**

		<b>MPS</b>	<b>L&amp;P</b>
Accumulation Period Ending		11/30/11	11/30/11
1 Total Energy Cost (TEC)		\$96,894,478	\$33,178,953
2 Base energy cost (B)	-	\$81,334,161	\$21,805,587
3 First Interim Total		\$15,560,317	\$11,373,365
4 Jurisdictional Factor (J)	*	99.487%	100%
5 Second Interim Total		\$15,480,419	\$11,373,365
6 Customer Responsibility	*	95%	95%
7 Third Interim Total		\$14,706,398	\$10,804,697
8 Adjustment for Under / Over recovery for prior periods and Modifications due to prudence reviews (C)	+	(\$2,308,607)	(\$640,753)
9 Interest (I)	+	\$311,224	\$142,857
10 Fuel and Purchased Power Adjustment (FPA)		\$12,709,015	\$10,306,802
11 RNSI	÷	6,397,984,427	2,319,519,285
12 Fourth Interim Total		\$0.0020	\$0.0044
13 Current period CAF <sub>Prim</sub> (= Line 12 * XF <sub>Prim</sub> )		\$0.0021	\$0.0045
14 Previous period CAF <sub>Prim</sub>	+	\$0.0019	\$0.0018
15 Current annual CAF <sub>Prim</sub>		\$0.0040	\$0.0063
16 Current period CAF <sub>Sec</sub> (= Line 12 * XF <sub>Sec</sub> )		\$0.0021	\$0.0047
17 Previous period CAF <sub>Sec</sub>	+	\$0.0019	\$0.0018
18 Current annual CAF <sub>Sec</sub>		\$0.0040	\$0.0065

Expansion Factors (XF):Territory:

MPS

L&amp;P

Primary

1.0419

1.0421

Secondary

1.0712

1.0701

Issued: December 22, 2012

Issued by: Darrin R. Ives, Senior Director

Effective: March 1, 2012

**Schedule LJN-1**