

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-2017-0188  
Date Testimony Prepared: December 30, 2016

**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-2017-0188  
the Company's Approved Fuel and Purchased Power )  
Cost Recovery Mechanism )

**AFFIDAVIT OF LISA A. STARKEBAUM**

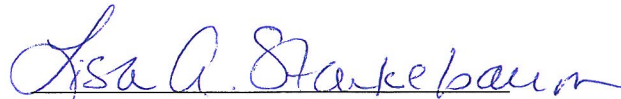
STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )

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 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.

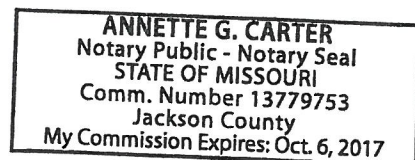
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
Lisa A. Starkebaum

Subscribed and sworn before me this 30<sup>th</sup> day of December 2016.

  
Notary Public

My commission expires: Oct 6, 2017



**DIRECT TESTIMONY**

**OF**

**LISA A. STARKEBAUM**

**Case No. ER-2017-0188**

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 many MPSC Staff on numerous filings and rate case issues.

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

22 A: For the accumulation period included in this filing, GMO consists of two rate  
23 jurisdictions identified as All Territories Served as L&P and MPS (“L&P” and

1 “MPS,” respectively). This FAC tariff filing consists of a Fuel Adjustment Rate  
2 (“FAR”) for each of the rate jurisdictions. My testimony supports the rate  
3 schedule filed by GMO to adjust rates for the FAC includable costs experienced  
4 during the six-month period June 2016 through November 2016. This six-month  
5 period represents the 19th accumulation period under GMO’s FAC, which was  
6 originally approved by the Commission in Case No. ER-2007-0004 (“2007  
7 Case”) and modified in Case Nos. ER-2009-0090, ER-2010-0356 (“2010 Case”),  
8 and ER-2012-0175 (“2012 Case”). In Case No. ER-2016-0156, GMO requested  
9 and was granted authorization to consolidate its MPS and L&P rate jurisdictions.  
10 As a result of this consolidation, the proposed FAC recovery rates to be effective  
11 March 1, 2017 have been consolidated using a weighted average energy  
12 calculation originally used to calculate the L&P and MPS current rates in order to  
13 calculate a single GMO rate. The proposed change in the FAR will result in an  
14 increase to a typical GMO residential customer’s bill of approximately \$0.35 per  
15 month.

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

18 A: The Commission’s rule governing fuel and purchased power cost recovery  
19 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – requires  
20 GMO to make periodic filings to allow the Commission to review the actual net  
21 FAC includable costs the Company has incurred and to allow rates to be adjusted,  
22 either up or down, to reflect those actual costs. The Commission’s rule requires at  
23 least one such review and adjustment each year. GMO’s approved FAC calls for

1 two annual filings – one filing covering the six-month accumulation period  
2 running from June through November and another filing covering the  
3 accumulation period running from December through May. Any increases or  
4 decreases in rates in these filings are then included in the customers' bills over a  
5 subsequent 12-month recovery period. Since the conclusion of the 2007 Case,  
6 overall, the cost of fuel and purchased power necessary to meet the demand for  
7 electricity by the Company's customers has been higher than the amount included  
8 in the base energy costs. Fuel and purchased power costs net of off system sales  
9 revenues were rebased in both the 2010 Case and 2012 Case. The base rates  
10 included in this filing became effective on January 26, 2013. The actual net  
11 energy costs to provide energy to customers has increased over the most recent  
12 accumulation period.

13 For the accumulation period covering June 2016 through November 2016,  
14 GMO's actual FAC includable costs exceeded the base energy costs included in  
15 base rates by approximately \$2.5 million. In accordance with the Commission's  
16 rule and GMO's approved FAC, GMO is filing the FAC tariff that provides for a  
17 change in rates to recover 95% of those cost changes.

18 In addition, a true-up filing is being made concurrent with this filing  
19 covering the 16th accumulation period of December 2014 through May 2015 and  
20 its corresponding recovery period of September 2015 through August 2016.  
21 Contained within this true-up calculation is a combined GMO correction of  
22 \$0.265 million, for a total over-recovery amounting to \$0.335 million. Please see

1 my direct testimony related to the true-up filing made in conjunction with this  
2 tariff filing for an explanation of the correction.

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

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

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

12 A: The proposed current period FAR for GMO is \$0.00022 per kWh for primary  
13 voltage customers and \$0.00022 per kWh for secondary voltage customers. This  
14 is the difference between base FAC includable costs and the actual costs incurred  
15 by the Company including interest and adjustments during the June-November  
16 2016 accumulation period over a recovery period running from March 2017  
17 through February 2018.

18 The proposed FAR was calculated in the manner specified in the  
19 Company's FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the  
20 tariff sheet with the current FAR, the prior period FAR and the total FAR that will  
21 be billed to customers over the recovery period. The FAR calculated for the 17th  
22 period has been removed as its recovery period will cease on February 2017. The  
23 FAR for the 18th accumulation period is added to the FAR for the current

1 accumulation period to provide the annual FAR. Thus, given the proposed  
2 current FAR calculations, the annual FAR for GMO will be (\$0.00180) per kWh  
3 for primary voltage customers and (\$0.00185) per kWh for secondary voltage  
4 customers. As stated earlier, this will result in an increase to a typical GMO  
5 residential customer's bill of approximately \$0.35 per month.

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

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

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



1 A: Yes, GMO has been through six prudence reviews to date as well as 15 true-up  
2 filings. In all prudence reviews the MPSC Staff indicated in each of their reports  
3 that there were no areas of imprudence identified within the audits with the  
4 exception of Staff's recommendation in GMO's third prudence review which was  
5 taken before the Commission. However, following the Commission's review, the  
6 Commission issued its order stating no indication of imprudence by the Company.  
7 In addition, the Company has made 15 true-up filings, all of which were approved  
8 by the MPSC. Additionally, a 16th true-up filing is being made concurrent with  
9 this filing covering the 16th accumulation period of December 2014 through May  
10 2015 and its corresponding recovery period of September 2015 and August 2016.  
11 The Company's calculation of the true-up and over-recovery including  
12 corrections for GMO have been included in the calculation of the current  
13 proposed tariff change.

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 schedule to be effective  
17 as of March 1, 2017.

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

19 A: Yes, it does.

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

P.S.C. MO. No. 1 14<sup>th</sup> Revised Sheet No. 127

Canceling P.S.C. MO. No. 1 13<sup>th</sup> Revised Sheet No. 127

For Missouri Retail Service Area

**FUEL ADJUSTMENT CLAUSE – Rider FAC  
 FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE  
 (Applicable for the billing months of March 2017 through February 2018)**

Accumulation Period Ending: November 2016			MPS	L&P
1	Current Period Fuel Adjustment Rate (FAR)		\$0.00047	(\$0.00054)
2				
3	Current Period FAR <sub>Prim</sub> = FAR x VAF <sub>Prim</sub>		\$0.00049	(\$0.00056)
4	Prior Period FAR <sub>Prim</sub>	+	(\$0.00203)	(\$0.00198)
5	Current Annual FAR <sub>Prim</sub>	=	(\$0.00154)	(\$0.00254)
6	Current Period FAR <sub>Sec</sub> = FAR x VAF <sub>Sec</sub>		\$0.00050	(\$0.00058)
7	Prior Period FAR <sub>Sec</sub>	+	(\$0.00209)	(\$0.00203)
8	Current Annual FAR <sub>Sec</sub>	=	(\$0.00159)	(\$0.00261)
9				
10	<ul style="list-style-type: none"> <li>The consolidation of the L&amp;P and MPS rate districts was established as ordered by the Commission in Rate Case No. ER-2016-0156, effective February 22, 2017. In order to accomplish this consolidation for the accumulation period ending November 2016, the components used to calculate the L&amp;P and MPS current annual FARs were consolidated using a weighted average energy calculation.</li> </ul>			
11				
12			Rates Effective March 1, 2017	
13			GMO	
14	Current Period FAR <sub>Prim</sub> = FAR x VAF <sub>Prim</sub>		\$0.00022	
15	Prior Period FAR <sub>Prim</sub>	+	(\$0.00202)	
16	Current Annual FAR <sub>Prim</sub>	=	(\$0.00180)	
17	Current Period FAR <sub>Sec</sub> = FAR x VAF <sub>Sec</sub>		\$0.00022	
18	Prior Period FAR <sub>Sec</sub>	+	(\$0.00207)	
19	Current Annual FAR <sub>Sec</sub>	=	(\$0.00185)	
	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			