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-2019-0198
Date Testimony Prepared: December 31, 2018

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 the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism	)))))	Case No. ER-2019-0198

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 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 ten (10) 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 21st day of December 2018.

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-2019-0198

Q: Please state your name 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, most recently as a Lead Regulatory Analyst. As a Lead Analyst, 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 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. In addition, I have worked closely with both KCC and MPSC 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 June 2018 through November 2018. This six-month period represents the 23rd 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"), and ER-2016-0156 ("2016 Case"). The proposed FAC charge for residential customers is $0.00541 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $5.41. This represents an increase of $3.01 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(4) – 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. Since the conclusion of the 2016 Case, overall, the cost of fuel and purchased power necessary to meet the demand for electricity by the Company's customers has been higher than the amount included in the base energy costs. Fuel and purchased power costs net of off system sales revenues were rebased in the 2010 Case, the 2012 Case, and the 2016 Case.

For the 23rd accumulation period covering June 2018 through November 2018, GMO's actual FAC includable costs exceeded the base energy costs included in base rates by approximately $31 million, an increase of $19 million over the prior 22nd 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 $29.1 million.

In addition, a true-up filing is being made concurrent with this filing covering the 20th accumulation period of December 2016 through May 2017 and its corresponding recovery period of September 2017 through August 2018. The 20th accumulation period true-up amount is an over-collection of $55,005. However, offsetting this amount is a correction from the previous 22nd accumulation period amounting to $219,495 resulting in a total proposed true-up under-collection of $164,490.

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 240-3.161(7)(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: Is there anything impacting this semi-annual FAC filing that should be mentioned?

A: Yes, there are a couple of items to note. GMO's actual FAC includable costs that exceed the base energy costs are higher in this accumulation period than in the previous accumulation period by roughly $19.2 million. There are a couple factors contributing to this increase. First, the Actual Net Energy Costs ("ANEC") in the 23rd accumulation period of June 2018 through November 2018 are higher than the ANEC in the previous 22nd accumulation period of December 2017 through May 2018 primarily due to 14% warmer than normal summer weather, especially during the months of June and September, followed by 54% colder than normal weather in October and November. See the table below for Cooling Degree Days and Heating Degree Days for this accumulation period:

KCI - HDD and CDD Comparison								
2018	**Actual CDD65**	**30 Year Normal at KCI**	**Over (Under) to Normal**	**% Var**	**Actual HDD55**	**30 Year Normal at KCI**	**Over (Under) to Normal**	**% Var**
June	390	289	101	35%	0	0	0	0%
July	439	423	16	4%	0	0	0	0%
August	391	387	4	1%	0	0	0	0%
September	217	160	57	36%	0	6	-6	-100%
October	40	31	10	31%	100	91	9	10%
November	0	2	-2	-100%	573	341	232	68%
Total	**1,477**	**1,292**	**185**	**14%**	**673**	**438**	**235**	**54%**

Base energy costs also increased by approximately $6 million as retail load requirements reflected in the Accumulation Period NSI are naturally affected by weather. In addition, purchased power requirements increased due to weather and scheduled maintenance outages that started in March and were extended into July for both Iatan 2 and the Jeffrey Energy Center. These same units, as well as Iatan 1, had additional daily outages between August and November. These factors, as well as adjustments amounting to approximately $1 million related to the retirement of the Sibley Generating Station during the month of November 2018, resulted in an increase to the proposed FAC charge for this 23rd accumulation period.

Q: Is there anything else included in this 6-month accumulation period of June 2018 through November 2018 that should be mentioned?

A: Yes, there are two additional items to note. First, as indicated above, there is a correction of $217,687 plus additional interest of $1,809 due to the reversal of the steam auxiliary credit previously included in the 22nd accumulation period Actual Net Energy Cost. This adjustment is described in more detail in my 20th accumulation period true-up testimony being filed concurrent with this filing.

Second, through a filing made concurrently herewith in Case No. EO-2019-0045, GMO has provided notice of its election, effective January 1, 2019, to make the plant in service accounting ("PISA") deferrals permitted under section 393.1400 RSMo. As a result, the rate cap provisions of section 393.1655 RSMo. will apply to this FAC filing. The change in the FAC charge proposed in this filing does not increase the average overall rate for GMO by more than 3% and, as such, the provisions of section 393.1655.5 do not affect this FAC charge filing. However, in accordance with section 393.1655.6 RSMo., GMO has limited the increase in the FAC charge applicable to Large Power customers to 2% of the class average overall rate for that rate class, with the reduced revenues arising from limiting the large power service class average overall rate increase allocated to all other GMO classes through a uniform percentage adjustment to the revenue requirement responsibility of all the other customer classes.

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

A: The proposed current period FAR for GMO Large Power customers is $0.00232 per kWh for primary voltage customers and $0.00239 per kWh for secondary voltage customers. The proposed current period FAR for GMO's non-Large Power customers is $0.00392 per kWh for primary voltage customers and $0.00403 for secondary voltage customers. This is the difference between base

FAC includable costs and the actual costs incurred by the Company including interest during the 23rd accumulation period of June 2018 through November 2018 and will be billed over the recovery period running from March 2019 through February 2020.

The proposed FAR was calculated in the manner specified in the Company's FAC tariff, Sheet Nos. 127.1 – 127.12, that were effective February 22, 2017. 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 21st accumulation period has been removed as its recovery period will cease in February 2019. The FAR for the 22nd accumulation period is added to the FAR for the current 23rd accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR for GMO Large Power customers will be $0.00366 per kWh for primary voltage customers and $0.00377 per kWh for secondary voltage customers. The proposed annual FAR for GMO's non-Large Power customers will be $0.00526 per kWh for primary voltage customers and $0.00541 per kWh for secondary voltage customers. As stated earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC of $5.41 or an increase to a GMO residential customer's bill of $3.01 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 seven prudence reviews to date and is currently in its eighth prudence review in Case No. EO-2019-0067. In all 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 19 true-up filings, all of which were approved by the MPSC. Additionally, a 20th true-up filing is being made concurrent with this filing covering the 20th accumulation period of December 2016 through May

2017 and its corresponding recovery period of September 2017 through August 2018. The Company's calculation of the true-up and under-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 March 1, 2019.

Q: Does this conclude your testimony?

A: Yes, it does.

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 2019 through August 2019)

Accumulation Period Ending:			November 2018		
			GMO	**Large Power***	**Non-LP**
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$127,243,636		
2	Net Base Energy Cost (B)	-	$96,388,090		
	2.1 Base Factor (BF)		0.02055		
	2.2 Accumulation Period NSI (S_{AP})		4,690,418,001		
3	(ANEC-B)		$30,855,547		
4	Jurisdictional Factor (J)	x	99.668889%		
5	(ANEC-B)*J		$30,753,384		
6	Customer Responsibility	x	95%		
7	95% *((ANEC-B)*J)		$29,215,714		
8	True-Up Amount (T)	+	$162,681		
9	Interest (I)	+	$462,293		
10	Prudence Adjustment Amount (P)	+	$0		
11	Fuel and Purchased Power Adjustment (FPA)	=	$29,840,688	$5,116,536	$24,724,152
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,862,150,723	2,294,410,822	6,567,739,901
13	Current Period Fuel Adjustment Rate (FAR)	=		$0.00223	$0.00376
14	Current Period FAR_{Prim} = FAR x VAF_{Prim}			$0.00232	$0.00392
15	Prior Period FAR_{Prim}	+		$0.00134	$0.00134
16	Current Annual FAR_{Prim}	=		$0.00366	$0.00526
17	Current Period FAR_{Sec} = FAR x VAF_{Sec}			$0.00239	$0.00403
18	Prior Period FAR_{Sec}	+		$0.00138	$0.00138
19	Current Annual FAR_{Sec}	=		$0.00377	$0.00541
	VAF_{Prim} = 1.0419				
	VAF_{Sec} = 1.0709				

*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.