

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.: ER-2015-\_\_\_\_  
Date Testimony Prepared: December 30, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**DIRECT TESTIMONY**

**OF**

**LINDA J. NUNN**

**Case No. ER-2015-\_\_\_**

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  
6 Supervisor - 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 (“GMO” or “Company”). 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.

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

2 A: I became a Senior Regulatory Analyst with KCP&L in 2008, as a part of the  
3 acquisition of Aquila, Inc., by Great Plains Energy. In 2013, I was promoted to  
4 Supervisor - Regulatory Affairs. Prior to my employment with KCP&L, I was  
5 employed by Aquila, Inc. for a total of eleven years. In addition to Regulatory, I  
6 have had experience in Accounting, Audit, and Business Services, where I had  
7 responsibility for guiding restructuring within the delivery division. In addition to  
8 my utility experience I was the business manager and controller for two area  
9 churches. Prior to that, I was an external auditor with Ernst & Whinney.

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

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

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

16 A: GMO consists of two rate jurisdictions identified as All Territories Served as L&P  
17 and MPS ("L&P" and "MPS," respectively). This FAC tariff filing consists of a  
18 Fuel Adjustment Rate ("FAR") for each of the rate jurisdictions. My testimony  
19 supports the rate schedule filed by GMO to adjust rates for the FAC includable  
20 costs experienced during the six-month period June 2014 through November  
21 2014. This six-month period is the fifteenth accumulation period under GMO's  
22 FAC, which was originally approved by the Commission in Case No. ER-2007-  
23 0004 ("2007 Case") and modified in Case Nos. ER-2009-0090, ER-2010-0356

1 (“2010 Case”), and ER-2012-0175 (“2012 Case”). The proposed change will  
2 result in an increase to a typical MPS residential customer’s bill of approximately  
3 \$1.88 per month and an increase of approximately \$.94 per month to a typical  
4 L&P residential customer’s bill.

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

7 A: The Commission’s rule governing fuel and purchased power cost recovery  
8 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – requires  
9 GMO to make periodic filings to allow the Commission to review the actual net  
10 FAC includable costs the Company has incurred and to allow rates to be adjusted,  
11 either up or down, to reflect those actual costs. The Commission’s rule requires at  
12 least one such review and adjustment each year. GMO’s approved FAC calls for  
13 two annual filings – one filing covering the six-month accumulation period  
14 running from June through November and another filing covering the  
15 accumulation period running from December through May. Any increases or  
16 decreases in rates in these filings are then included in the customers’ bills over a  
17 subsequent 12-month recovery period. Since the conclusion of the 2007 Case,  
18 overall, the cost of fuel and purchased power necessary to meet the demand for  
19 electricity by the Company’s customers has been higher than the amount included  
20 in the base energy costs. Fuel and purchased power costs net of off system sales  
21 revenues were rebased in the 2010 Case and 2012 Case. The newest base rates  
22 became effective on January 26, 2013. Even with the establishment of new base

1 rates, the cost of providing energy to its customers continues to rise as off system  
2 sales margins continue to remain even or shrink.

3 For the accumulation period June 2013 through November 2014, GMO's  
4 actual FAC includable costs exceeded the base costs included in base rates by  
5 approximately \$3.4 million for L&P and \$17.0 million for MPS. In accordance  
6 with the Commission's rule and GMO's approved FAC, GMO is filing the FAC  
7 tariff that provides for a change in rates to recover 95% of those cost changes.

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

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

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

17 A: As stated above, GMO consists of two rate jurisdictions. This FAC tariff filing  
18 consists of a FAR for each of the rate jurisdictions. The FAR for the current  
19 period is \$0.00265 per kWh for primary voltage customers and \$0.00272 per kWh  
20 for secondary voltage customers for MPS and \$0.00147 per kWh for primary  
21 voltage customers and \$0.00151 per kWh for secondary voltage customers for  
22 L&P. This is the difference between base FAC includable costs and the actual  
23 costs incurred by the Company including interest and adjustments during the June

1 - November accumulation period over a recovery period running from March  
2 2015 through February 2016.

3 The proposed FAR was calculated in the manner specified in the  
4 Company's FAC. Attached to my testimony, as Schedule LJN-1, is a copy of the  
5 tariff sheet with the current FAR, the prior period FAR and the total FAR that will  
6 be billed to customers over the recovery period. The FAR calculated for the  
7 thirteenth period has been removed as its recovery period will cease on February  
8 28, 2015. The FAR for the fourteenth accumulation period is added to the FAR  
9 for the current accumulation period to provide the annual FAR. Thus, given the  
10 proposed current FAR calculations, the annual FAR for MPS will be \$0.00597 per  
11 kWh for primary voltage customers and \$0.00614 per kWh for secondary voltage  
12 customers and \$0.00437 per kWh for primary voltage customers and \$0.00448  
13 per kWh for secondary voltage customers for L&P. As stated earlier, this will  
14 result in an increase to a typical MPS residential customer's bill of approximately  
15 \$1.88 per month and an increase of approximately \$.94 per month to a typical  
16 L&P residential customer's bill.

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

21 A: GMO's FAC and the Commission's rules provide two mechanisms to ensure that  
22 amounts billed to customers do not exceed GMO's actual, prudently-incurred fuel  
23 and purchased power costs. First, at the end of each recovery period the

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

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

11 A: Yes, GMO has been through five prudence reviews as well as eleven true-up  
12 filings. A prudence review of the first two accumulation periods were completed,  
13 and the MPSC Staff indicated in each of their reports that there were no areas of  
14 imprudence identified within the audits. The recommendation made by Staff in  
15 the third prudence review covering the next three accumulation periods was taken  
16 before the Commission. The Commission issued its order stating no indication of  
17 imprudence by the Company. Staff's review of the next six accumulation periods  
18 in its fourth and fifth prudence reviews again lead to reports stating no  
19 imprudence. In addition, the Company has made eleven true-up filings following  
20 the completion of the recovery periods for the first through eleventh accumulation  
21 periods. These true-up filings were approved by the MPSC. Additionally, a  
22 twelfth true-up filing is being made concurrent with this filing covering the  
23 twelfth accumulation period of December 2012 through May 2013 and its

1 corresponding recovery period of September 2013 through August 2014. The  
2 Company's calculation of the over recovery for both MPS and L&P has been  
3 included in the calculation of the current proposed tariff change.

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

6 A: The Company requests the Commission approve the rate schedules to be effective  
7 as of March 1, 2015.

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

9 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

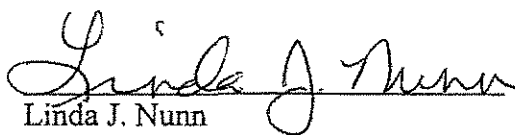
STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )

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

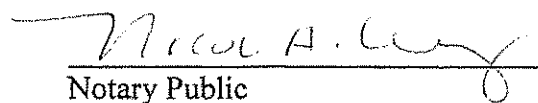
1. My name is Linda J. Nunn. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Supervisor - Regulatory Affairs.

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.

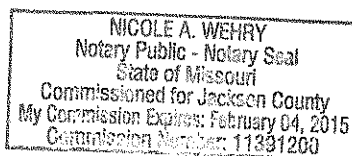
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
Linda J. Nunn

Subscribed and sworn before me this 30<sup>th</sup> day of December 2014.

  
Notary Public

My commission expires: Feb 4, 2015



STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 9<sup>th</sup>  
 Canceling P.S.C. MO. No. 1 8<sup>th</sup>

Revised Sheet No. 127

Revised Sheet No. 127

**KCP&L Greater Missouri Operations Company**  
**KANSAS CITY, MO**

For Territories Served as L&P and MPS

FUEL ADJUSTMENT CLAUSE – Rider FAC  
 FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC  
 (Applicable to Service Provided January 26, 2013 and Thereafter)

Accumulation Period Ending:		November 30, 2014	
		MPS	L&P
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$92,100,831	\$26,619,971
2	Net Base Energy Cost (B)	-	\$74,971,463
	2.1 Base Factor (BF)	0.02278	0.02076
	2.2 Accumulation Period NSI (S <sub>AP</sub> )	3,291,109,002	1,118,343,001
3	(ANEC-B)	\$17,129,368	\$3,403,170
4	Jurisdictional Factor (J)	*	99.520%
5	(ANEC-B)*J	\$17,047,147	\$3,403,170
6	Customer Responsibility	*	95%
7	95% *((ANEC-B)*J)	\$16,194,790	\$3,233,011
8	True-Up Amount (T)	+	(\$36,639)
9	Interest (I)	+	\$192,032
10	Prudence Adjustment Amount (P)	+	\$0
11	Fuel and Purchased Power Adjustment (FPA)	=	\$16,350,183
12	Estimated Recovery Period Retail NSI (S <sub>RP</sub> )	÷	6,442,487,597
13	Current Period Fuel Adjustment Rate (FAR)	=	\$0.00254
14	Current Period FAR <sub>Prim</sub> = FAR x VAF <sub>Prim</sub>		\$0.00265
15	Prior Period FAR <sub>Prim</sub>	+	\$0.00332
16	Current Annual FAR <sub>Prim</sub>		\$0.00597
17	Current Period FAR <sub>Sec</sub> = FAR x VAF <sub>Sec</sub>		\$0.00272
18	Prior Period FAR <sub>Sec</sub>	+	\$0.00342
19	Current Annual FAR <sub>Sec</sub>		\$0.00614
	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		

Issued: December 30, 2014  
 Issued by: Darrin R. Ives, Vice President

Effective: March 1, 2015