Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Kansas City Power & Light
Case No.: ER-2018-0208
Date Testimony Prepared: January 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 Kansas City Power & Light Company for
Authority to Implement
Rate Adjustments Required by 4 CSR 240-20.090(4))
And the Company's Approved Fuel and Purchased) Case No. ER-2018- 0208
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, consisting of eight (8) 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 31st day of January 2018.

Karen M. Smith
Notary Public

My commission expires: April 16, 2020

KAREN M. SMITH
Notary Public - Notary Seal
State of Missouri, Jackson County
Commission # 12446957
My Commission Expires Apr 16, 2020

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2018-0208

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 Supervisor - 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 both 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. In my current position, I am responsible for overseeing the various reporting requirements to ensure 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.

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 many MPSC Staff on numerous filings as well as on rate case issues.

Q: What is the purpose of your testimony?

A: In Case No. ER-2014-0370, KCP&L 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 the KCP&L Missouri rate jurisdiction. My testimony supports the rate schedule filed by KCP&L to adjust rates for the FAC includable costs experienced during the six-month period July 2017 through December 2017. This six-month period represents the fifth accumulation period under KCP&L's FAC, which was originally approved by the Commission in Case No. ER-2014-0370 ("2014 Case") and modified in Case No. ER-2016-0285 ("2016 Case"). The proposed FAC charge will be $0.00495 per kWh for KCP&L Missouri residential customers. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $4.95. This represents a decrease of $1.87 to a customer's monthly bill compared to the prior FAC.

Q: Please explain why KCP&L 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 KCP&L 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. KCP&L's approved FAC calls for two annual filings – one filing covering the six-month accumulation period running from January through June and another filing covering the accumulation period running from July through December. Any increases or decreases in rates as a result of these filings are then included in the customers' bills over a subsequent 12-month recovery period.

For the fifth accumulation period covering the period of July 2017 through December 2017, KCP&L's actual FAC includable costs exceeded the base costs included in base rates by approximately $19.8 million. In accordance with the Commission's rule and KCP&L's approved FAC, KCP&L is filing the FAC tariff that provides for a change in rates to recover 95% of those cost changes, or approximately $18.8 million.

In addition, a true-up filing is being made concurrent with this filing covering the second accumulation period of January 2016 through June 2016 and its corresponding recovery period of October 2016 through September 2017. The proposed second accumulation period true-up amount is an under-recovery of $1,573,824.

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

A: Yes, KCPL's actual FAC includable costs exceeding the base energy costs are higher in this accumulation than they were in the previous accumulation. There are several factors contributing to this increase. First, the higher Actual Net Energy Costs ("ANEC") in the 5th accumulation period of July through December are driven by seasonal differences compared to the previous 4th accumulation period of January through June. Retail load requirements are naturally higher in the summer months. Second, there was a decrease in off-system sales revenue as generation was not available to sell to Southwest Power

Pool ("SPP") Integrated Marketplace. Lastly, allowable transmission costs are higher during this accumulation period due to the effective date of rates in the 2016 Case of June 8, 2017. During this 5th accumulation period, rates were effective for all six months, but were only effective for a few days the 4th accumulation period. Overall, the increase in the FAC base factor, effective June 8, 2017, is offsetting the increase in ANEC experienced during this accumulation period resulting in a decrease to the FAC rate.

Q: Are there any other adjustments made to this semi-annual FAC filing that need to be mentioned?

A: Yes, included within the true-up amount of $1,573,824 are two corrections. The net impact of both corrections amount to a decrease of $28,766 to the Fuel and Purchased Power Adjustment ("FPA"). These corrections are described in further detail in the true-up testimony made concurrent with this filing.

Q: How will these corrections be included in the FAC?

A: These corrections pertain to months that were included in prior accumulation periods and not within the fifth accumulation period in this filing consisting of July 2017 through December 2017; therefore, these corrections with interest have been included on the True-Up Line No. 8, and on the Interest Line No. 9 on the 3rd Revised Sheet No. 50.20. Also included in the Company's supporting work papers is the monthly detail for each correction.

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 work papers 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 FAR is $0.00238 per kWh for transmission voltage customers, $0.00244 per kWh for primary voltage customers and $0.00249 per kWh for secondary voltage customers. This is the difference between the base FAC includable costs and the actual costs incurred by the Company including interest and adjustments during the current fifth accumulation period of July 2017 through December 2017 and will be billed over a recovery period running from April 2018 through March 2019.

The proposed FAR was calculated in the manner specified in the Company's FAC. 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 for the fourth accumulation period is added to the FAR for the current accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR will be $0.00472 per kWh for transmission voltage customers, $0.00484 per kWh for primary voltage customers and $0.00495 per kWh for secondary voltage customers. As stated earlier, this will result in a decrease of approximately $1.87 per month for residential customers using 1,000 kWh per month.

Q: If the rate schedules filed by KCP&L 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 KCP&L actually incurred during the Accumulation Period?

A: KCP&L's FAC and the Commission's rules provide two mechanisms to ensure that amounts billed to customers do not exceed KCP&L'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, KCP&L'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 KCP&L'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 2014 Case?

A: Yes, KCP&L has completed its second recovery period of October 2016 through September 2017 for the second accumulation period covering fuel and purchased power costs net of off-system sales revenues for the period of January 2016 through June 2016. The true-up filing is being made concurrent with this semi-annual filing. In addition, KCP&L has been through one prudence review, Case No. EO-2017-0231, covering the period of September 29, 2015 through December 31, 2016 in which the Commission issued its order stating no indication of imprudence by the Company.

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

A: The Company requests the Commission approve the rate schedules to be effective as of April 1, 2018.

Q: Does this conclude your testimony?

A: Yes, it does.

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
(Applicable to Service Provided June 8, 2017 through Effective Date of Rates in Case No. ER-2018-0145)
Effective for Customer Usage Beginning April 1, 2018 through September 30, 2018

Accumulation Period Ending:			December 31, 2017
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$160,100,551
2	Net Base Energy Cost (B)	-	$125,138,586
	2.1 Base Factor (BF)		$0.01542
	2.2 Accumulation Period NSI (S_{AP})		8,115,342,808
3	(ANEC-B)		$34,961,965
4	Jurisdictional Factor (J)	x	56.71819%
5	(ANEC-B)*J		$19,829,794
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		$18,838,304
8	True-Up Amount (T)	+	$1,574,675
9	Interest (I)	+	$658,284
10	Prudence Adjustment Amount (P)	+	$0
11	Fuel and Purchased Power Adjustment (FPA)	=	$21,071,263
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	9,031,850,087
13	Current Period Fuel Adjustment Rate (FAR)	=	$0.00233
14			
15	Current Period $FAR_{Trans/Sub}$ = FAR x $VAF_{Trans/Sub}$		$0.00238
16	Prior Period $FAR_{Trans/Sub}$	+	$0.00234
17	Current Annual $FAR_{Trans/Sub}$	=	$0.00472
18			
19	Current Period FAR_{Prim} = FAR x VAF_{Prim}		$0.00244
20	Prior Period FAR_{Prim}	+	$0.00240
21	Current Annual FAR_{Prim}	=	$0.00484
22			
23	Current Period FAR_{Sec} = FAR x VAF_{Sec}		$0.00249
24	Prior Period FAR_{Sec}	+	$0.00246
25	Current Annual FAR_{Sec}	=	$0.00495
26			
27	$VAF_{Trans/Sub}$ = 1.0195		
28	VAF_{Prim} = 1.0451		
29	VAF_{Sec} = 1.0707		

Schedule LAS-1