Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Kansas City Power & Light Company
Case No.:	ER-2020-0025
Date Testimony Prepared:	July 31, 2019

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 Periodic Changes to Fuel Adjustment Rates Required by 4 CSR 240-20.090(8) And The Company's Approved Fuel and Purchased Power Cost Recovery Mechanism	)))))	Case No. ER-2020-0025

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, 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 31st day of July 2019.

Anthony R Westenkirchner

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-2020-0025

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. As a Lead Analyst in the Regulatory Affairs department, 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 overseeing a team dedicated to 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. I have sponsored testimony in Missouri related to various tariff filings involving rider mechanisms utilized by the

Company. In addition, I have worked closely with both MPSC and KCC Staff on numerous filings and rate case matters.

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 January 2019 through June 2019. This six-month period represents the eighth 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 Nos. ER-2016-0285 ("2016 Case") and ER-2018-0145 ("2018 Case"). The proposed FAC charge for KCP&L Missouri residential customers is $0.00073 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $0.73. This represents a decrease of $3.36 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(8)(A) – 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 in these filings are then included in the customers' bills over a subsequent 12-month recovery period.

For the eighth accumulation period covering the period of January 2019 through June 2019, KCP&L's actual FAC includable costs were lower than the base costs included in base rates by approximately $2.2 million, a decrease of $11.2 million compared to the prior seventh accumulation period of July 2018 through December 2018. 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 return 95% of those cost changes, or approximately $2.1 million before interest.

In addition, a true-up filing is being made concurrent with this filing covering the fifth accumulation period of July 2017 through December 2017 and its corresponding recovery period of April 2018 through March 2019. The proposed fifth accumulation period true-up amount is an over-recovery of $833,840 plus interest corrections of $5,175 for a total true-up over-recovery of $839,014. This amount offsets the eighth accumulation period interest of

$419,717 for a total eighth accumulation period Fuel and Purchased Power Adjustment (FPA) of $2.5 million.

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

A: Yes, KCP&L's actual FAC includable costs in the eighth accumulation were $23 million lower than they were in the previous seventh accumulation primarily due to cooler weather as January through June months are naturally cooler than July through December, and retail load requirements are lower. In addition, the increased FAC Base Factor of $0.01675 approved in KCP&L's last general rate case (ER-2018-0145) effective December 6, 2018, was in effect for the entire six-month accumulation period of January through June 2019.

FAC includable costs are $44 million lower than the sixth accumulation which covers the same months of January through June. There are a few factors contributing to this decrease. First, purchased power expense decreased $18 million. This was offset by a $3.3 million increase in actual fuel expense during this eighth accumulation period because Wolf Creek was back online after its planned maintenance and refueling outage in the sixth accumulation that began in April 2018 and continued through mid-May 2018. Second, retail load requirements were lower due to weather. Winter weather in February and March of 2019 was colder than normal and colder than prior year. This was offset by milder Spring weather with fewer cooling degree days in 2019. See the table below:

KCI	2019 Actual CDD65	30 Year Normal CDD65	% Var	2018 Actual CDD65	% Var		2019 Actual HDD55	30 Year Normal HDD55	% Var	2018 Actual HDD55	% Var
January	0	0	0%	9	-100%		825	782	5%	816	1%
February	0	0	0%	0	0%		764	603	27%	630	21%
March	0	5	-100%	0	0%		457	354	29%	348	31%
April	17	24	-29%	11	55%		73	110	-33%	298	-76%
May	81	99	-18%	269	-70%		20	14	46%	0	0%
June	272	288	-5%	390	-30%		0	0	-100%	0	0%
YTD	370	415	-11%	679	-46%		2139	1862	15%	2092	2%

Lastly, there was a significant increase $29 million in off-system sales revenue over the sixth accumulation period as more generation was available to sell to Southwest Power Pool ("SPP") Integrated Marketplace which offsets FAC includable costs.

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

A: Yes, there is one additional item to note.

KCP&L provided notice in EO-2019-0047 of its election to make plant in service accounting ("PISA") deferrals permitted under section 393.1400 RSMo effective January 1, 2019. Due to the rate cap limitations set forth in the rule, KCP&L has performed the calculations to determine the impact, if any, of this semi-annual FAC filing on the Average Overall Rate and Class Average Overall Rate for the Large Power customer class effective December 6, 2018, the effective date of rates in Case No. ER-2018-0145. As shown in the KCP&L PISA Calculation schedule provided with this filing, the Average Overall Rate and Class Average Overall Rate caps were not exceeded; therefore, there is no PISA impact resulting from this FAR filing.

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 240-20.090(8)(2)(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 FARs for KCPL's customers by voltage level is shown below:

Proposed Current Period FARs	
($ per kWh)	
Voltage	**KCP&L Rates**
Transmission	$ (0.00028)
Substation	$ (0.00028)
Primary	$ (0.00029)
Secondary	$ (0.00030)

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 eighth accumulation period of January 2019 through June 2019 and will be billed over a recovery period running from October 2019 through September 2020.

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 calculated for the sixth accumulation period has been removed as its recovery period will cease in

September 2019. The FAR for the seventh accumulation period is added to the FAR for the current eighth accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FARs for KCP&L customers are shown in the table below:

Proposed Current Annual FARs ($ per kWh)		
Voltage	**KCP&L Rates**	
Transmission	$	0.00070
Substation	$	0.00071
Primary	$	0.00072
Secondary	$	0.00073

As stated earlier, this will result in a decrease of approximately $3.36 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 made four true-up filings, all of which were approved by the MPSC. The fifth true-up filing is being made concurrent with this semi-annual filing covering the fifth accumulation period of July through December 2017 and its corresponding recovery period of April 2018 through March 2019. The Company's calculation of the proposed true-up resulting in an over-recovery for KCP&L has been included in the calculation of the current proposed tariff change. In addition, KCP&L has been through two prudence reviews to date. In the most recent prudence review, Case No. EO-2019-0068, Staff found imprudence with KCP&L related to the expiration of Renewable Energy Credits ("RECs"). In addition, the Office of Public Counsel has challenged KCP&L's execution of two wind purchased power agreements. No final determination has been made at this time as these two issues are pending negotiations and/or evidentiary hearings currently scheduled for August 2019. In KCP&L's first prudence review, 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 October 1, 2019.

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 December 6, 2018 and Thereafter)
Effective for Customer Usage Beginning October 1, 2019 through March 31, 2020

Accumulation Period Ending:			June 30, 2019
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$122,582,716
2	Net Base Energy Cost (B)	-	$126,403,808
	2.1 Base Factor (BF)		$0.01675
	2.2 Accumulation Period NSI (S_{AP})		7,546,496,001
3	(ANEC-B)		($3,821,092)
4	Jurisdictional Factor (J)	x	57.68623%
5	(ANEC-B)*J		($2,204,244)
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		($2,094,032)
8	True-Up Amount (T)	+	($833,840)
9	Interest (I)	+	$414,543
10	Prudence Adjustment Amount (P)	+	$0
11	Fuel and Purchased Power Adjustment (FPA)	=	($2,513,329)
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,931,439,331
13	Current Period Fuel Adjustment Rate (FAR)	=	($0.00028)
14			
15	Current Period FAR_{Trans} = FAR x VAF_{Trans}		($0.00028)
16	Prior Period FAR_{Trans}	+	$0.00098
17	Current Annual FAR_{Trans}	=	$0.00070
18			
19	Current Period FAR_{Sub} = FAR x VAF_{Sub}		($0.00028)
20	Prior Period FAR_{Sub}	+	$0.00099
21	Current Annual FAR_{Sub}	=	$0.00071
22			
23	Current Period FAR_{Prim} = FAR x VAF_{Prim}		($0.00029)
24	Prior Period FAR_{Prim}	+	$0.00101
25	Current Annual FAR_{Prim}	=	$0.00072
26			
27	Current Period FAR_{Sec} = FAR x VAF_{Sec}		($0.00030)
28	Prior Period FAR_{Sec}	+	$0.00103
29	Current Annual FAR_{Sec}	=	$0.00073
30	VAF_{Trans} = 1.0129		
31	VAF_{Sub} = 1.0162		
32	VAF_{Prim} = 1.0383		
33	VAF_{Sec} = 1.0592		