

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.:
Date Testimony Prepared: June 29, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.:

DIRECT TESTIMONY

OF

LINDA J. NUNN

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
June 2011**

DIRECT TESTIMONY

OF

LINDA J. NUNN

Case No.

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 Lead
6 Regulatory Analyst, 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 ("Company" or "GMO"). 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.

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

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

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

10 A: I have not yet testified before the MPSC or any other utility regulatory agency. I
11 have, however, worked closely with various MPSC Staff on numerous filings as
12 well as on rate case issues.

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

14 A: GMO consists of two rate jurisdictions identified as All Territories Served as L&P
15 and MPS (“L&P” and “MPS,” respectively). This FAC tariff filing consists of a
16 Cost Adjustment Factor (“CAF”) for each of the rate jurisdictions. My testimony
17 supports the rate schedule filed by GMO to adjust rates for the FAC includable
18 costs experienced during the six-month period December 2010 through May
19 2011. This six-month period is the eight accumulation period under GMO’s FAC,
20 which was originally approved by the Commission in Case No. ER-2007-0004
21 (“2007 Case”) and modified in Case No. ER-2009-0090. The proposed change
22 will result in a decrease to a typical MPS residential customer’s bill of

1 approximately \$0.73 per month and an increase of approximately \$0.36 per month
2 to a typical L&P residential customer's bill.

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

5 A: The Commission's rule governing fuel and purchased power cost recovery
6 mechanisms for electric utilities – specifically 4 CSR 240-20.090(4) – requires
7 GMO to make periodic filings to allow the Commission to review the actual net
8 FAC includable costs the Company has incurred and to allow rates to be adjusted,
9 either up or down, to reflect those actual costs. The Commission's rule requires at
10 least one such review and adjustment each year. GMO's approved FAC calls for
11 two annual filings – one filing covering the six-month accumulation period
12 running from June through November and another filing covering the
13 accumulation period running from December through May. Any increases or
14 decreases in rates in these filings are then collected from or refunded to customers
15 over a subsequent twelve-month recovery period. Since the conclusion of the
16 2007 Case, the costs of fuel and purchased power necessary to meet the demand
17 for electricity by the Company's customers has been higher than the amount
18 included in the base energy costs. A number of factors caused these costs to be
19 higher, including the following: (i) higher natural gas costs (although natural gas
20 costs have fallen during the most recent accumulation period, they remain higher
21 than those costs as set in the FAC base within the 2007 Case; (ii) higher
22 purchased power costs; and (iii) higher coal and freight costs.

1 For the accumulation period December 2010 through May 2011 GMO's actual
2 FAC includable costs exceeded the base costs included in base rates by
3 approximately \$16.6 million. In accordance with the Commission's rule and
4 GMO's approved FAC, GMO is filing the FAC tariff that provides for an increase
5 in rates to recover 95% of those cost increases.

6 **Q: How did you develop the various values used to derive the proposed CAF**
7 **that are shown on Schedule LJN-1?**

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

13 **Q: Please describe the impact of the increase in costs and how it will affect a**
14 **typical customer.**

15 A: As stated above, GMO consists of two rate jurisdictions. This FAC tariff filing
16 consists of a CAF for each of the rate jurisdictions. The CAF for the current
17 period is \$0.0019 per kWh for primary voltage customers and \$0.0019 per kWh
18 for secondary voltage customers for MPS and \$0.0018 per kWh for primary
19 voltage customers and \$0.0018 per kWh for secondary voltage customers for
20 L&P. This is the difference between base FAC includable costs and the actual
21 costs incurred by the Company during the December-May accumulation period
22 over a recovery period running from September 2011 through August 2012.

1 The proposed CAF was calculated in the manner specified in the Company's
2 FAC. Attached to my testimony, as Schedule LJN-1, is a copy of the tariff sheet
3 with the current CAF, the prior period CAF and the total CAF that will be billed
4 to customers over the recovery period. The CAF calculated for the sixth
5 accumulation period has been removed as its recovery period will cease on
6 August 31, 2011. The CAF for the seventh accumulation period is added to the
7 CAF for the current accumulation period to provide the annual CAF. Thus, given
8 the proposed current CAF calculations, the annual CAF for MPS will be \$0.0046
9 per kWh for primary voltage customers and \$0.0047 per kWh for secondary
10 voltage customers and \$0.0026 per kWh for primary voltage customers and
11 \$0.0027 per kWh for secondary voltage customers for L&P. As stated earlier, this
12 will result in a decrease to a typical MPS residential customer's bill of
13 approximately \$0.73 per month and an increase of approximately \$0.36 per month
14 to a typical L&P residential customer's bill.

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

19 A: GMO's FAC and the Commission's rules provide two mechanisms to ensure that
20 amounts collected from customers do not exceed GMO's actual, prudently-
21 incurred fuel and purchased power costs. First, at the end of each recovery period
22 the Company is required to true up the amounts collected from customers through
23 the CAF with the excess fuel and purchased power costs that actually were

1 incurred during the accumulation period to which the CAF applies. Second,
2 GMO's fuel and purchased power costs are subject to periodic Prudence Reviews
3 to ensure that only prudently-incurred fuel and purchased power costs are
4 collected from customers through GMO's FAC. These two mechanisms serve as
5 checks to ensure that the Company's customers pay only the prudently-incurred,
6 actual costs of fuel and purchased power used to provide electric service.

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

9 A: Yes, GMO has been through two prudence reviews as well as four true-up filings.
10 A prudence review of the first four accumulation periods has been completed and
11 the MPSC Staff indicated in each of their reports that there were no areas of
12 imprudence identified within the audits. In addition, the Company has made four
13 true-up filings following the completion of the recovery periods for the first,
14 second, third and fourth accumulation periods. These true-up filings were
15 approved by the Missouri Public Service Commission. Additionally, a fifth true-
16 up filing is being made concurrent with this filing covering the fifth accumulation
17 period of June 2009 through November 2009 and its corresponding recovery
18 period of March 2010 through February 2011. The Company's calculation of the
19 over recovery for both MPS and L&P has been included in the calculation of the
20 current proposed tariff change.

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

1 A: The Company requests the Commission approve the rate schedules to be effective
2 as of September 1, 2011.

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

4 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

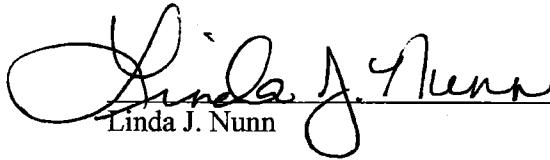
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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

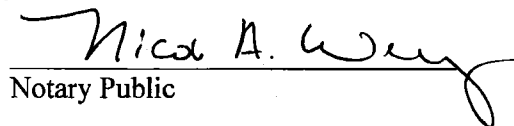
1. My name is Linda J. Nunn. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Lead Regulatory Analyst, Regulatory Affairs.

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.

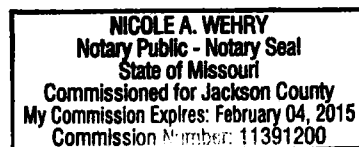
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


Linda J. Nunn

Subscribed and sworn before me this 29th day of June 2011.


Notary Public

My commission expires: Feb. 4, 2015



STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 4th Revised Sheet No. 127.5
 Canceling P.S.C. MO. No. 1 3rd Revised Sheet No. 127.5
KCP&L Greater Missouri Operations Company For Territories Served as L&P and MPS
KANSAS CITY, MO 64105

FUEL ADJUSTMENT CLAUSE (CONTINUED)

ELECTRIC

(Applicable to Service Provided September 1, 2009 and Thereafter)

COST ADJUSTMENT FACTOR

		MPS	L&P
Accumulation Period Ending		05/31/11	05/31/11
1 Total Energy Cost (TEC)		\$86,681,755	\$23,497,856
2 Base energy cost (B)	-	\$74,238,206	\$19,256,670
3 First Interim Total		\$12,443,549	\$4,241,186
4 Jurisdictional Factor (J)	*	99.447%	100%
5 Second Interim Total		\$12,374,736	\$4,241,186
6 Customer Responsibility	*	95%	95%
7 Third Interim Total		\$11,755,999	\$4,029,127
8 Adjustment for Under / Over recovery for prior periods and Modifications due to prudence reviews (C)	+	(\$683,698)	(\$251,838)
9 Interest (I)	+	\$461,369	\$63,908
10 Fuel and Purchased Power Adjustment (FPA)		\$11,533,670	\$3,841,197
11 RNSI	÷	6,529,534,000	2,314,611,000
12 Fourth Interim Total		\$0.0018	\$0.0017
13 Current period CAF _{Prim} (= Line 12 * XF _{Prim})		\$0.0019	\$0.0018
14 Previous period CAF _{Prim}	+	\$0.0027	\$0.0008
15 Current annual CAF _{Prim}		\$0.0046	\$0.0026
16 Current period CAF _{Sec} (= Line 12 * XF _{Sec})		\$0.0019	\$0.0018
17 Previous period CAF _{Sec}	+	\$0.0028	\$0.0009
18 Current annual CAF _{Sec}		\$0.0047	\$0.0027

Expansion Factors (XF):Network:PrimarySecondary

MPS

1.0444

1.0679

L&P

1.0444

1.0700

Issued: June 29, 2011

Effective: September 1, 2011

Issued by: Darrin R. Ives, Sr. Director, Regulatory Affairs