

*Exhibit No.:*  
*Issue:* Fuel Adjustment Clause  
*Witness:* Brooke Richter  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case Nos.:* ER-2018-0145 and  
ER-2018-0146  
*Date Testimony Prepared:* July 27, 2018

**MISSOURI PUBLIC SERVICE COMMISSION**  
**COMMISSION STAFF DIVISION**  
**ENERGY RESOURCES DEPARTMENT**

FILED  
October 22, 2018  
Data Center  
Missouri Public  
Service Commission

**REBUTTAL TESTIMONY**

**OF**

**BROOKE RICHTER**

**KANSAS CITY POWER & LIGHT COMPANY**  
**CASE NO. ER-2018-0145**

**AND**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**  
**CASE NO. ER-2018-0146**

*Jefferson City, Missouri*  
*July 2018*

*Staff* Exhibit No. 214  
Date 9-25-18 Reporter JV  
File No. ER-2018-0145 & 0146

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CASE NO. ER-2018-0146**

Q. Please state your name, employment position, and business address.

A. Brooke Richter, Utility Regulatory Auditor with the Missouri Public Service Commission (“Commission” or “PSC”), 200 Madison Street, Jefferson City, Missouri 65102.

Q. Are you the same Brooke Richter who has previously provided testimony in this case?

A. Yes. I contributed to Staff’s Cost of Service (“COS”) Report filed in the Kansas City Power & Light Company (“KCPL”) and KCP&L Greater Missouri Operations Company (“GMO”) rate cases designated as Case No. ER-2018-0145 and Case No. ER-2018-0146, respectively, on June 19, 2018. I also contributed to Staff’s Class Cost of Service Report filed in the same cases on July 6, 2018.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to address GMO witness Tim M. Rush’s Fuel Adjustment Clause (“FAC”) direct testimony in which he requests the continuation of the Company’s FAC with modifications.

1 EXECUTIVE SUMMARY

2 Q. Please summarize your rebuttal testimony.

3 A. KCP&L and GMO witness Mr. Rush proposes to include MISO Crossroads  
4 transmission costs above \$4.9 million, which was the amount disallowed in Case No.  
5 ER-2012-0175. Staff recommends that MISO Crossroads transmission costs related to  
6 GMO's Crossroads generating plant be excluded from the FAC. Mr. Rush also proposes to  
7 include accounts 547027, Fuel on System Other Production Demand- Fixed Transportation,  
8 and 501450, Fuel Expense- Residuals- Landfills, in the GMO Base Factor. Staff recommends  
9 that neither of these accounts be included in the Base Factor.

10 FUEL ADJUSTMENT CLAUSE

11 Q. Does Staff support KCPL's and GMO's request to continue their FACs?

12 A. Yes, but not with the MISO Crossroads modifications proposed by GMO.

13 Q. Please summarize GMO's position with regard to MISO Crossroads  
14 transmission costs.

15 A. On page 26, lines 5 through 10, Mr. Rush proposes to continue  
16 the disallowance levels adopted by the Commission in Case Nos. ER-2010-0356 and  
17 ER-2012-0175 with respect to rate base and transmission costs. However, GMO proposes to  
18 include in rates the incremental increase in transmission cost above \$4.9 million, which was  
19 the amount disallowed in Case No. ER-2012-0175.

20 Q. Does Staff agree with Mr. Rush's proposal?

21 A. No. As Staff states on page 181 of its COS Report, Staff recommends that the  
22 only transmission costs that should be included in GMO's FAC are those costs that GMO  
23 incurs to: 1) transmit electric power it did not generate to serve its own native load, and  
24 2) transmit electric power it is selling to third parties located outside of SPP, excluding any

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Brooke Richter

1 and all MISO transmission charges related to GMO's Crossroads generating plant. All MISO  
2 transmission charges related to GMO's Crossroads generating plant would be excluded from  
3 the FAC under Staff recommendation.

4 Q. Is Staff's recommendation to exclude any and all MISO transmission charges  
5 related to GMO Crossroads generating plant in GMO's FAC consistent with previous  
6 Commission *Report and Orders*?

7 A. Yes. In Staff's COS Report, its recommendation was to exclude Crossroads  
8 transmission charges from GMO's FAC. This is consistent with the Non-Unanimous  
9 Stipulation and Agreement the Commission approved in GMO's last rate case, Case No.  
10 ER-2016-0156. This is also consistent with the Commission's *Report and Order* in GMO's  
11 rate cases in Case Nos. ER-2012-0175 and ER-2010-0356.

12 In GMO's last rate case, Case No. ER-2016-0156, the Commission approved  
13 *Non-Unanimous Stipulation and Agreement*<sup>1</sup> states the following concerning GMO's  
14 Crossroads generating plant:

15 The costs and revenues in GMO's FAC will not include  
16 transmission costs associated with Crossroads Energy Center  
17 and will be consistent with those in Kansas City Power & Light  
18 Company's current FAC, with two exceptions: 1) the  
19 percentage of SPP transmission costs included will be  
20 consistent with the 39.62% Staff calculated and 2) once the  
21 current hedging positions are unwound, no hedging costs would  
22 be included in the FAC. No Crossroads transmission costs will  
23 be included in the FAC.

24 The Commission also stated in its *Report and Order*<sup>2</sup> in Case No. ER-2012-0175 the  
25 following concerning GMO's Crossroads generating plant:

26 **Crossroads transmission:** Several parties asked the  
27 Commission to order that GMO's FAC tariff sheets state  
28 expressly that GMO's FAC excludes transmission costs related

<sup>1</sup> Page 13 of the *Non-Unanimous Stipulation and Agreement* filed September 20, 2016.

<sup>2</sup> Page 64 of the *Report and Order* filed January 9, 2013.

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Brooke Richter

1 to the Crossroads. Insofar as the Commission has determined  
2 that no transmission costs from Crossroads will enter GMO's  
3 MPS rates, there is no further dispute, and no further findings of  
4 fact and conclusions of law are required. The Commission will  
5 order GMO's FAC clarified to state that GMO's FAC excludes  
6 transmission costs related to Crossroads.

7 The Commission also stated in its *Report and Order*<sup>3</sup> in Case No. ER-2010-0356 the  
8 following concerning GMO's Crossroads generating plant:

9 If the Commission accepts Staff's position on fuel costs in the  
10 Crossroads issue, Staff recommends the Commission authorize  
11 and require modification of GMO's fuel adjustment clause to  
12 include a new factor that would exclude an increment of  
13 GMO's fuel costs for its Crossroads generating station from  
14 Fuel and Purchased Power Adjustments (GMO FAC – FPA's).  
15 Consistent with its position that GMO's ratepayers should pay  
16 costs based on two 105 megawatt combustion turbines built in  
17 2005 and located at the South Harper site, GMO's fuel clause  
18 should be modified so that its customers do not bear the  
19 incremental costs associated with higher gas prices and  
20 transmission costs of the Crossroads Energy Center which is  
21 located near Clarksdale, Mississippi.

22 A more detailed discussion of GMO's Crossroads generating plant and Staff's  
23 recommendation to exclude all Crossroads transmission costs in base rates and the FAC is in  
24 Staff's COS Report on page 16 through page 26 and the Rebuttal Testimony of Staff Witness  
25 Cary Featherstone.

26 Q. Does Mr. Rush include account 547027, Fuel on System Other Production  
27 Demand- Fixed Transportation, in GMO's FAC Base Factor calculation?

28 A. Yes. This is illustrated in Mr. Rush's schedule TMR-4. However, it is not  
29 included on the proposed tariff sheets.

30 Q. Is it Staff's understanding that GMO agrees to not include account 547027 in  
31 the FAC?

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<sup>3</sup> Page 212 of the *Report and Order* filed May 4, 2011.

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Brooke Richter

1           A.     Yes. According to GMO's response to Staff Data Request No. 0214, the  
2 Company stated Account 547027 is used to record natural gas reservation charges from the  
3 natural gas pipeline companies. This account was inadvertently included in the FAC base  
4 calculation provided in Schedule TMR-4 of Mr. Rush's Direct Testimony. The account was  
5 appropriately not included in the proposed tariff sheet, Sheet No. 127.15. A new calculation  
6 will be made using true-up data and excluding the gas reservation charges from the FAC  
7 Base Factor calculation.

8           Q.     What is Staff's recommendation regarding account 547027?

9           A.     Staff recommends the Company not include account 547027 in the FAC  
10 Base Factor calculation.

11          Q.     Does Mr. Rush include Account 501450, Fuel Expense- Residuals- Landfills,  
12 in GMO's FAC Base Factor calculation?

13          A.     Yes. This is illustrated in Mr. Rush's schedule TMR-4. However, it is not  
14 included on the proposed tariff sheets.

15          Q.     What is Staff's recommendation on Account 501450 being included in GMO's  
16 FAC Base Factor calculation?

17          A.     Staff recommends this account not be included in GMO's FAC Base Factor  
18 calculation. The account is not properly included in the current or proposed tariff sheets.

19          Q.     Has the Company's position been clarified since this case has been filed?

20          A.     Yes. In GMO's response to Staff Data Request No. 0419, the Company stated,  
21 "Account 501450 was included in the base calculation in error as that account is no longer  
22 being used. It will be removed from the calculation in the true-up base calc."

23          Q.     Does this conclude your rebuttal testimony?

24          A.     Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service )  
) Case No. ER-2018-0145  
)  
)  
) and

In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service )  
) Case No. ER-2018-0146  
)  
)

**AFFIDAVIT OF BROOKE RICHTER**

STATE OF MISSOURI )  
) ss.  
COUNTY OF COLE )

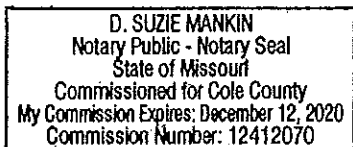
COMES NOW BROOKE RICHTER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony* and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Brooke Richter  
BROOKE RICHTER

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26<sup>th</sup> day of July, 2018.



D. Suzie Mankin  
Notary Public