

FEB 21 2017

Response to Mantle Lena Interrogatories - OPC_20161123

Date of Response: 12/15/2016

Missouri Public
Service Commission

Question:8015

8015. With respect to the meeting with OPC and KCPL employees on November 17, 2016, please verify the following statements offered by Ed Blunk:

- A. KCPL is requesting the inclusion in the FAC of the costs it is recording in some or all of the subaccounts 501500 through 501510 because the value of the inclusion of these costs would be lower fuel cost.
- B. If the subaccounts are not included in the FAC, KCPL will evaluate whether to continue some of these activities.
- C. If a policy decision is made to discontinue some of these activities because KCPL is not assured of cost recovery in the FAC, fuel costs may be higher.

Response:

A. KCPL is requesting the inclusion in the FAC of the costs it is recording in some or all of the subaccounts 501500 through 501510 because the value of the inclusion of these costs would be lower fuel cost.

Response: That statement represents a simplification of a more complex idea presented in Mr. Rush's testimony. That is, the forecasts, market analyses or information, strategy development and contract or issue negotiation expenses charged to fuel handling help us in our pursuit of better contract terms or lower cost of fuel and fuel transportation. The benefits or cost savings from purchasing those goods or services are reflected in the cost of fuel included in the FAC. Likewise, the benefits of managing fuel purchases are reflected in the effective total cost of fuel. Other non-labor fuel handling costs are related to the volume of fuel we purchase. That is, the less fuel we buy, the lower our non-labor fuel handling expenses.

B. If the subaccounts are not included in the FAC, KCPL will evaluate whether to continue some of these activities.

Response: RSMo 386.266 allows the Commission to include in an FAC incentives to improve the efficiency and cost-effectiveness of the electric utilities' fuel and purchased-power procurement activities.

OPC Exhibit No. 323

Date 2.8.17 Reporter LB

File No. ER-2016-0285




Verification of Response

**Kansas City Power & Light Company
AND
KCP&L Greater Missouri Operations**

Docket No. ER-2016-0285

The response to Data Request # 8015 is true and accurate to the best of my knowledge and belief.

Signed: 
Date: December 15, 2016