

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-2016-0285



PUBLIC COUNSEL'S RESPONSES AMEREN MISSOURI'S
FIRST SET OF DATA REQUESTS TO OPC

FEB 21 2017

Missouri Public
Service Commission

1. Regarding the statement on line 19, page 23 of Ms. Mantle's direct testimony, please confirm that the reduction in risk OPC claims is provided by the FAC it recommends for KCP&L is a reduction in risk as compared to the case where KCP&L has no fuel adjustment clause at all. If OPC cannot provide such confirmation without qualification, please detail all reasons why such confirmation without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Yes

2. Regarding the statement on line 5, page 6 of Ms. Mantle's direct testimony regarding her recommendations regarding KCP&L's FAC being "consistent with Missouri's statute," is Ms. Mantle claiming that the FAC proposed by KCP&L (as reflected in Schedule TMR-3 to Tim Rush's direct testimony) is inconsistent with state law? If the answer is anything other than an unqualified "no," please explain in detail (a) the basis of Ms. Mantle's claim that the FAC tariff proposed by KCP&L is not consistent with state law, and (b) exactly which parts of the FAC tariff proposed by KCP&L are inconsistent with state law.

Objection: Public Counsel objects to Data Request 2 in that it seeks a legal conclusion. Without waiving this objection the following answer is provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: It is Ms. Mantle's opinion that OPC's position was consistent with the statute. She does not have an opinion regarding whether or not KPCL's proposed FAC is inconsistent with state law.

3. Regarding the statement on line 5, page 6 of Ms. Mantle's direct testimony regarding her recommendations regarding KCP&L's FAC being "consistent with Missouri's statute," is Ms. Mantle claiming that the FAC currently in effect for KCP&L is inconsistent with state law? If the answer is anything other than an unqualified "no," please explain in detail (a) the basis of Ms.

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Mantle's claim that the FAC tariff proposed by KCP&L is not consistent with state law, and (b) exactly which parts of the FAC tariff proposed by KCP&L are inconsistent with state law.

Objection: Public Counsel objects to Data Request 3 in that it seeks a legal conclusion. Without waiving this objection the following answer is provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: It is Ms. Mantle's opinion that OPC's position was consistent with the statute. She does not have an opinion regarding whether or not KPCL's current FAC is inconsistent with state law.

4. Regarding Ms. Mantle's direct testimony, page 2, lines 9-20, please confirm that Ms. Mantle reported to Warren Wood at the time the FAC rules to which she refers were developed. If Ms. Mantle cannot unequivocally provide the requested confirmation, please detail all reasons why such confirmation without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Yes

5. Regarding Ms. Mantle's direct testimony, page 2, lines 9-20, please confirm that Mr. Wood sponsored the Staff's position on what the terms of the FAC rules should be in the rulemaking proceeding that led to the Commission's adoption of the FAC rules. If Ms. Mantle cannot unequivocally provide the requested confirmation, please detail all the reasons why such confirmation without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Warren Wood provided comments on behalf of the Staff in File EX-2006-0472.

6. Regarding the "white paper" referred to on page 3 line 10 of Ms. Mantle's direct testimony, please confirm that its content is based on Ms. Mantle's personal experience with the FAC in Missouri and that the content, including the descriptions, conclusions, and other statements in the white paper, has not been approved or endorsed by the Commission or the Commission Staff. If Ms. Mantle cannot unequivocally provide the requested confirmation, please detail all reasons why such confirmation without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Yes

7. On page 5 of Ms. Mantle's whitepaper, she indicates that the reason the FAC rules require the use of historical costs to determine FAC rate changes is because of requirements of the FAC statute. Please confirm that Ms. Mantle is not claiming that the statute prohibits the use of forecasted fuel and purchased power costs for FAC rate changes as a matter of law. If Ms. Mantle cannot unequivocally provide the requested confirmation, please detail all reasons why such confirmation cannot be provided.

Objection: Public Counsel objects to Data Request 7 in that it seeks a legal conclusion. Without waiving this objection the following answer is provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: The FAC statute Section 386.266.1 RSMo states in part "Subject to the requirements of this section, any electrical corporation may make an application to the commission to approve rate schedules authorizing an interim energy charge, or periodic rate adjustments outside of general rate proceedings to reflect increases and decreases in its prudently incurred fuel and purchased-power costs, including transportation." It is Ms. Mantle's belief that forecasted fuel and purchased power costs have not been incurred and therefore cannot be used for FAC rate changes.

8. On page 10 of Ms. Mantle's white paper, she suggests that the use of historical costs to set FAC rates contributes to FACs in Missouri not providing accurate price signals. She also suggests that longer recovery periods further degrade or mute the accuracy of price signals sent by Missouri FACs. Does M[s.] Mantle agree that setting FAC rates based on forecasted fuel and purchased power costs, particularly if the forecasted period was relatively short (which should be expected to improve forecast accuracy) would, in general, be expected to improve the accuracy of price signals sent by the resulting FAC rates? If Ms. Mantle cannot equivocally agree, please detail all reasons why such agreement without qualifications cannot be met.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Forecasted costs may send more accurate signals than the use of historical but the accuracy of the price signal would depend on forecast accuracy and the length of the recovery period.

9. In order to adopt OPC's FAC recommendations made in this case, what additions and deletions from the exemplar tariff included as Schedule TMR-3 to Mr. Rush's direct testimony would be required?

Objection: Public Counsel objects to Data Request 9 in that it is unduly burdensome, not reasonably calculated to lead to discoverable evidence and can be obtained through reviewing publicly-filed documents accessible to all parties. Without waiving this objection the following answer is provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: The tariff sheets 50 through 50.9 would remain the same. Tariff sheets 50.10 through 50.20 would remain the same with the following exceptions:

- Only the costs and revenues allowed by the Commission would be listed;
- The components "E" and "R" would be removed from the equation for ANEC; and
- There would be no provisions for the addition of costs or revenues between rate cases.

10. Regarding the statement at lines 3-4 on page 3 of Ms. Mantle's [rebuttal] testimony, please specify in detail the costs (and one revenue) OPC claims KCP&L is proposing to add to its FAC in this case.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: See Ms. Mantle's Schedule LM-D-2 for a list of the costs currently excluded from KCPL's FAC but proposed to be included by KCPL in this case. This schedule includes the most detail available to OPC regarding the costs. Ms. Mantle understands that KCPL is requesting all revenues from transmission of electricity for others to be included in its FAC.

11. Regarding the statement at lines 4-6 on page 3 of Ms. Mantle's [rebuttal] testimony, please specify in detail the costs OPC claims KCP&L is proposing to add to its FAC in this case that the Commission "ordered not be included" in ER-201[4]-0370.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: KCPL is proposing to include 100% of SPP costs including administrative costs. KCPL is proposing the recovery of FERC Administrative fees. In addition, KCPL is asking to include costs that it is not incurring including trona and RESPOND, in direct contrast to the Commission order that KCPL's FAC not include any costs that it does not currently incur.

12. Please confirm that the FAC recommended by OPC for KCP&L would include all revenues recorded in FERC Account 447. If OPC cannot, provide such confirmation without qualification, please explain in detail why not and, specifically, please list each and every revenue that is recordable to FERC Account 447 that OPC contends would not be included in KCP&L's FAC if the FAC recommended by OPC were adopted.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: No. OPC recommends only revenues from off-system sales of energy and capacity be included.

13. Does Ms. Mantle agree that forward energy and capacity transactions, at fixed prices, can be used to mitigate the risk of adverse price movements for the energy component of purchased power costs and revenues from off-system sales of energy which otherwise would be priced only in the day-ahead or real-time spot markets? If Ms. Mantle does not unequivocally agree, please detail all reasons why such agreement without qualifications cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Bilateral contracts with fixed prices can be used to mitigate cost risks of energy and/or capacity.

14. Does Ms. Mantle agree that the locational marginal price at which energy is bought and sold in the SPP market has three components: a marginal energy component, a marginal loss component, and a marginal congestion component? If Ms. Mantle does not unequivocally agree, please detail all reasons why such agreement without qualifications cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Yes

15. Does Ms. Mantle agree that Auction Revenue Rights and Financial Transmission Rights (in the ISO market), and their SPP equivalents, offset the costs of congestion which is embedded in the day-ahead locational marginal prices at which energy is bought and sold in both the MISO and SPP markets? If Ms. Mantle does not unequivocally agree, please detail all reasons why such agreement without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Ms. Mantle understands that there are revenues and costs associated with Auction Revenue Rights ("ARR") and Financial Transmission Rights ("FTR") just as MISO charges Ameren Missouri for the load at its load node and provides revenue for Ameren Missouri's generation. Ms. Mantle is aware of a FERC order that requires the netting of revenues for generation and cost at load node to determine off-system sales and purchased power. Ms. Mantle is not aware of a similar FERC order requiring netting of ARR and FTR revenues and costs. Ameren Missouri may choose to present ARR and FTR costs and revenues as offsets but the revenues could also be said to offset other Ameren Missouri costs.

16. Does Ms. Mantle agree that ancillary services revenues (in both MISO and SPP markets) recorded in FERC Account 447 offset ancillary services costs recorded in FERC Account 555? If Ms. Mantle does not unequivocally agree, please detail all reasons why such agreement without qualifications cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Ms. Mantle understands that there are revenues and costs associated with ancillary services just as MISO charges Ameren Missouri for the load at its load node and provides revenue for Ameren Missouri's generation. Ms. Mantle is aware of a FERC order that requires the netting of revenues for generation and cost at load node to determine off-system sales and purchased power. Ms. Mantle is not aware of a similar FERC order requiring netting of ancillary revenues and costs. Ameren Missouri may choose to present ancillary costs and revenues as offsets but the revenues could also be said to offset other Ameren Missouri costs.

17. Does Ms. Mantle agree that a financial swap can be used to achieve the same result as a fixed-price long-term bilateral contract, that is they both can be used to fix the price of power that would otherwise settle at a market price in the future? If Ms. Mantle does not unequivocally agree, please detail all reasons why such agreement without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: It depends on the nature of the bilateral contract. Some bilateral contracts provide capacity at a fixed price while the energy is delivered at the market price. This type of bilateral contract does not fix the price of energy and instead settles at a market energy price.

If the bilateral contract is for energy at a fixed price it does provide a fixed price for energy. However, again dependent upon the bilateral contract, it may also result in the delivery of energy from a given generation source. A financial swap is not likely to be dependent upon a generation source.

18. Does Ms. Mantle agree that utilities such as KCP&L have both long- and short-term price exposure with "price exposure" being defined as exposure to future increases or decreases in market energy prices, including market prices for off-system sales and purchased power? If Ms. Mantle does not unequivocally agree, please detail all reasons why such agreement without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Yes.

19. Under OPC's recommended FAC for KCP&L in this case, please confirm that capacity costs or capacity revenues paid to or received from SPP in any centralized capacity market that was to begin operation between the effective date of a new KCP&L FAC tariff in this case and the effective date of new rates in KCP&L's next rate case, could not be included in KCP&L's FAC established in this rate case. If OPC cannot unequivocally provide the requested confirmation, please detail all reasons why such confirmation without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Yes.

20. Please discuss and describe in detail all involvement that Ms. Mantle had with the drafting, pre-adoption discussion and passage of Section 386.266, RSMo.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Ms. Mantle provided input to the fiscal note prepared by the Missouri Public Service Commission for Section 386.266, RSMo.

21. Please provide a detailed listing of all SPP task forces, working groups or committees which Ms. Mantle has participated in for the past 4 years. For each group, please provide a detailed narrative describing Ms. Mantle's participation by task force, working group and committee, such as the number of meetings or conference calls in which Ms. Mantle participated for each, the time commitment Ms. Mantle has made to each and the depth of Ms. Mantle's involvement in each (e.g., did she monitor, actively contribute, draft documents, etc.)

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: None

22. Please identify every instance in which Ms. Mantle, during her employment with Staff, filed testimony in any general rate proceeding recommending the exclusion of any component of fuel, purchased power or transportation from the fuel adjustment clause tariffs proposed by any Missouri electric utility. For purposes of this question, opposing a fuel adjustment clause entirely or suggesting a sharing percentage does not constitute a recommendation to exclude a component.

Objection: Public Counsel objects to Data Request 22 in that it is unduly burdensome, not reasonably calculated to lead to discoverable evidence and can be obtained through reviewing publicly-filed documents accessible to all parties. Without waiving this objection the following answer is provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Ms. Mantle recommended the exclusion of certain MISO costs from the FAC of Ameren Missouri in file ER-2012-0166. There may be other instances where Ms. Mantle recommended the exclusion of costs but at this time Ms. Mantle does not recall any other instance. A full list of the testimony filed by Ms. Mantle that may be reviewed for this information is provided in Schedule LM-D-6.

23. Please identify every instance in which Ms. Mantle, during her employment with Staff, filed testimony or otherwise sponsored any filing with the Commission in any FAC prudence review docket recommending the disallowance of any cost or revenue that had been included in a utility's FAC on the statutory requirements for fuel, purchased power or transportation.

Objection: Public Counsel objects to Data Request 23 in that it is unduly burdensome, not reasonably calculated to lead to discoverable evidence and can be obtained through reviewing publicly-filed documents accessible to all parties. Without waiving this objection the following answer is provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Ms. Mantle does not recall sponsoring any testimony in prudence cases where she recommended the disallowance of any cost or revenue based on the statutory requirement of fuel and purchased-power costs, including transportation. A full list of the testimony filed by Ms. Mantle that may be reviewed for this information is provided in Schedule LM-D-6.

24. Please provide a comprehensive and detailed list of all the components of "delivered fuel commodity costs" referred to on page 4, line 7 of Ms. Mantle's direct testimony.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: The actual cost of the coal, natural gas, and oil per FERC Account 151 item 1 and the cost of uranium in FERC account 518.

25. Please provide a comprehensive list of all the components of "(t)he cost of transporting the commodity to the generation plants" referred to on page 4, line 11 of Ms. Mantle's direct testimony.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Transportation and other direct costs as listed in FERC Account 151 items 2 through 5.

26. Please provide Ms. Mantle's definition of "long-term" as she uses that phrase on page 7, line 4 of her direct testimony.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: 365 days or greater

27. Please confirm that under OPC's recommended FAC for KCP&L, bilateral transactions which do not meet Ms. Mantle's definition of "long-term" would be excluded from KCP&L's FAC.

- a. If confirmed, please provide the rationale for recommending the exclusion from KCP&L's FAC of the cost of energy under bilateral contracts which do not meet Ms. Mantle's definition of "long-term"?
- b. If this cannot be unequivocally confirmed, please detail all reasons why such confirmation without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: No. Ms. Mantle inadvertently left out energy costs from short-term bilateral contracts in the list of costs that OPC recommends to be included in KCP&L's FAC. This will be corrected in Ms. Mantle's surrebuttal testimony in this case.

28. Please provide Ms. Mantle's understanding of what a bilateral contract is, including what purposes they serve, how they settle, and what the primary alternatives to their use are.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Bilateral contract is a contract between two parties. The purpose the contract serves is determined by the parties, as is how it settles. Alternatives to their use is determined by the type of contract and the conditions of the contract.

29. Regarding Ms. Mantle's direct testimony on page 10, lines 18-20.

- a. Is it OPC's position that all "Point-to-point ("PTP") and network integration transmission service ("NITS") fees are directly tied to true purchased power and off-system sales.
- b. Please identify by each SPP schedule and/or charge type which would be included in KCP&L's tariff if OPC's proposal were adopted.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response:

- a. No

- b. Day Ahead Asset Energy
- Day Ahead Non-Asset Energy
- Real Time Asset Energy
- Real Time Non-Asset Energy
- Network Integrated Transmission Service
- Point-to-Point transmission Service

Energy revenues should be netted against energy charges as required by FERC order SPP 668 to determine off-system sales and “true” purchased power.

30. Regarding OPC’s recommendation to only include “(o)ff-system sales revenue net of the cost of generation or purchased power to make those sales” in KCP&L’s FAC (page 4, lines 16-17 of Ms. Mantle’s direct testimony):
- a. Would Ms. Mantle agree that this recommendation as written conflicts with her testimony on page 11, line 14 through page 12 line 4. If the answer is “yes,” please identify what OPC’s specific recommendation regarding the treatment of off-system sales in an FAC for KCP&L is. If the answer is not an unequivocal “yes,” please confirm that Ms. Mantle’s testimony on page 11, line 14 through page 12 line 4 makes no reference to netting from off-system sales revenue the cost of generation or purchased power to make those sales.
 - b. Would Ms. Mantle agree that revenue net of the costs to produce that revenue is the same as margin? If Ms. Mantle does not unequivocally agree, please provide Ms. Mantle’s definition of margin.
 - c. Please explain in detail the process that Ms. Mantle contends would be required to determine “the cost of generation or purchased power to make those sales.”
 - d. Please explain in detail how the process detailed in response to subpart c to determine “the cost of generation or purchased power to make those sales” would differ from the process referred to on page 11 and 12 of Ms. Mantle’s testimony that “KCPL would have to make a determination of the cost of fuel and purchased power used to make off-system sales” if off-system sales revenues were excluded from the FAC.
 - e. Would Ms. Mantle agree that the process to determine “the cost of generation or purchased power to make those sales” could open “an avenue for errors, could result in different positions regarding the appropriate fuel costs to allocate to off-system sales, and would increase the potential for imprudence.” If the answer is other than an unequivocal yes, please explain in detail why not.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response:

- a. No. Off-system sales revenue net of the cost of generation or purchased power to make those sales will provide the same outcome as the sum “off-system sales revenue and the cost to generate or purchased power to make those sales.”
- b. Yes

- c. The cost of each resource supplying energy, whether generation or purchased power, should be tracked over a time period not to exceed an hour. Cost of off-system sales would be the highest cost generation for the time period. This allocation should be done for each increment of time period consistent with the tracking of the cost not to exceed an hour. Of course there are exceptions to this rule such as assignment of the cost of renewable energy generation regardless of its cost to native load.
- d. The process should be the same.
- e. Yes

31. On page 19, lines 13-15 of her direct testimony, Ms. Mantle states that ideally, FAC prudence audits would "identify all instances" where an imprudent action by a utility "resulted in harm to customers with respect to each of the costs and revenues in an FAC." Would Ms. Mantle agree that "ideally," an audit of an electric utility's filing for a rate increase in a general rate proceeding would "identify all instances" where an "imprudent action" by the utility "resulted in harm to customers with respect to each of the costs and revenues" that make up the utility's requested revenue requirement in that rate proceeding? If Ms. Mantle does not unequivocally agree, please detail all reasons why such agreement without qualification cannot be provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Yes

32. Is it Ms. Mantle's opinion that in an FAC prudence review only the costs and revenues that were included in the FAC during the period covered by the prudence review can be reviewed? If the answer is "no," please explain in detail why the answer is no. If the answer is "yes," please explain in detail why the answer is yes. If an unqualified "no" or "yes" answer cannot be given, please explain in detail all reasons why the unqualified answer cannot be given.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: No. Ms. Mantle is not aware of any audit scope restrictions to an FAC prudence review.

33. Is it Ms. Mantle's opinion that all items which would be excluded from KCP&L's FAC under OPC's recommendation for an FAC for KCP&L in this rate case do not meet the statutory definition of fuel, purchased power or transportation? If the answer is "no," please list each and every item that would be excluded under OPC's recommendation for reasons other than that they do not meet the statutory definition of fuel, purchased power or transportation, and for each such item in the list, explain in detail why OPC recommends their exclusion.

Objection: Public Counsel objects to Data Request 33 in that it seeks a legal conclusion. Without waiving this objection the following answer is provided.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Ms. Mantle is not aware of a "statutory" definition of fuel, purchased power or transportation.

34. KCP&L's current fuel adjustment clause tariff took effect on September 29, 2015. Under the now-in-effect KCP&L FAC tariff, certain costs and revenues are included in the determination of Actual Net Energy Costs ("ANEC") charged to customers that would no longer be included (prospectively) in the determination of ANEC if OPC's recommendations for KCP&L's fuel adjustment clause reflected in the direct testimony of Lena Mantle were adopted by the Commission and implemented after the conclusion of this case. Has OPC or anyone on its behalf determined what KCP&L's ANEC would have been, for the period starting with effective date of KCP&L's current FAC tariff on September 29, 2015 through the accumulation period that ended in June 2016, had KCP&L's current FAC tariff included only the cost and revenue components OPC recommends for inclusion in this case? If the answer is "yes, please provide the analysis and all work papers and source documents (in native format with all formulas intact) that underlie your answer. If OPC's response to this DR is "no," please explain in detail why OPC has not made such a determination.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: No. This information is not relevant to OPC's position in this case.

35. Does Ms. Mantle agree that the calculation of the Fuel and Purchased Power Adjustment (FPA) Rider FAC under KCP&L's Rider current and proposed (in this case) FAC is determined by comparing the Actual Net Energy Cost for the accumulation period at issue to the Net Base Energy Cost? If other than an unequivocal yes, please provide in detail the basis for the disagreement.

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Yes

36. What is Ms. Mantle's definition of "slight" as she uses that term on page 23, line 17 of her direct testimony?

Response Prepared by: Lena Mantle

Date: 1/23/2017

Response: Slight is immaterial.