Exhibit No.: 163
Issue: Fuel and Purchased Power
Witness: Burton L. Crawford
Type of Exhibit: True-Up Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2014-0370
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2014-0370

TRUE-UP REBUTTAL TESTIMONY

OF

BURTON L. CRAWFORD

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
July 2015

TABLE OF CONTENTS

TRUE-UP REBUTTAL TESTIMONY

OF

BURTON L. CRAWFORD

Case No. ER-2014-0370

Q: Please state your name and business address.

A: My name is Burton L. Crawford. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: Are you the same Burton L. Crawford who pre-filed Direct, Rebuttal and Surrebuttal Testimony in this matter?

A: Yes, I am.

Q: What is the purpose of your True-Up Rebuttal Testimony?

A: The purpose of my testimony is to rebut two issues with Missouri Public Service Commission ("Commission") Staff's ("Staff") true-up case related to fuel and purchased power costs. These issues are the wholesale market prices Staff used as an input to its fuel and purchased power modeling and Staff's inclusion of revenues and costs from wholesale contracts that expire on September 30, 2015, the day after rates from this case are expected to take effect. In addition, I will address an adjustment Staff makes for Transmission Congestion Rights ("TCR") margins.

Q: Please summarize the wholesale market price issue.

A: Wholesale market prices are one of many input assumptions to the production cost model used by Staff in this case to normalize fuel and purchased power expense. Staff's assumed market prices in its true-up filing are too high. This results in understating Kansas City Power & Light Company's ("KCP&L" or the "Company) costs included in

Staff's cost of service determination by approximately $14.9 million (total Company basis).

Q: Please summarize the wholesale contracts issue.

A: In Staff's cost of service, they included annualized revenues and costs from two wholesale contracts that expire on September 30, 2015. Since these contracts expire the day after the anticipated rate effective date in this case, Staff has overstated the revenues that KCP&L will get from these contracts. This results in understating the Company's cost of service by approximately $1.4 million (total Company basis). These contract expiration dates and the resulting impact on cost of service are known and measurable and should therefore be reflected in KCP&L's revenue requirement in this case.

Wholesale Market Price Issue

Q: How do wholesale market price assumptions impact the Company's cost of service?

A: The production cost models used by both Staff and the Company to determine the normalized fuel and purchased power costs included in the Company's cost of service use hourly wholesale market prices as an input. The models use these prices when simulating the operation of the Company's generating fleet. When economic to do so, sales of excess generation (e.g., generation above that needed to serve native load and firm obligations) are made at these hourly wholesale market prices. Also when economic to do so, purchases are made from the wholesale market to meet Company load obligations. Therefore, at a minimum these wholesale market prices impact both the normalized purchase power costs and normalized wholesale sales revenues.

Q: How does Staff develop the wholesale market prices used in their modeling?

A: Page 96 of Staff's Cost of Service Report (Ex. 200) in this case describes Staff's process.

The Staff analyzed hourly Southwest Power Pool (SPP) Integrated Market (IM) power prices beginning with the start of the IM on March 11, 2014, through the end of November 2014. Staff developed hourly average prices weighted by the actual day-ahead generation sales made at the Kansas City Power & Light locational marginal price nodes during each hour in this period. The IM was only active for part of the test year; therefore the resulting 8,760 hourly prices developed as input to the production cost model were adjusted to reflect a full year of IM operation. Staff will continue to review purchased power prices through the true-up period, and will update the inputs as necessary.

Q: Did Staff update these prices for the true-up period?

A: Based on Company discussions with Staff, it is our understanding that Staff's wholesale market price assumptions were updated for its true-up case.

Q: Have you reviewed the wholesale market prices included in Staff's true-up case?

A: Yes.

Q: Are these wholesale market prices reasonable?

A: No.

Q: How did you reach this conclusion?

A: Based on Staff's true-up work papers, I calculated the monthly average wholesale sales price from Staff's production cost model results. I also calculated the monthly average wholesale sales price based on Staff's hourly wholesale sales volume (e.g., MWh) and KCP&L's hourly wholesale sales prices included in the Company's true-up case. In addition, I calculated the actual monthly wholesales sales prices based on actual sales during the 12-month period ending May 31, 2015 (the true-up period in this case) and for January through May 2014. The results of these calculations are included in the table below.

Table 1: Average Monthly Non-Firm Wholesale Sales Prices ($/MWh)

Month	Staff True-Up	KCPL True-Up	12 Months Ended 5/31/15	Actual 2014	Actual 2015
Jan	$ 27.49	$ 21.36	$ 23.42	$ 29.62	$23.42
Feb	$ 34.70	$ 22.16	$ 26.10	$ 35.91	$26.10
Mar	$ 33.16	$ 22.57	$ 19.69	$ 37.24	$19.69
Apr	$ 30.72	$ 21.97	$ 16.66	$ 34.98	$16.66
May	$ 26.19	$ 22.17	$ 20.13	$ 30.01	$20.13
Jun	$ 25.25	$ 25.96	$ 28.89	$ 28.89	$20.83
Jul	$ 30.06	$ 30.83	$ 28.89	$ 28.89	
Aug	$ 30.50	$ 31.09	$ 27.78	$ 27.78	
Sep	$ 26.36	$ 27.26	$ 26.94	$ 26.94	
Oct	$ 22.88	$ 22.75	$ 28.51	$ 28.51	
Nov	$ 27.09	$ 25.03	$ 31.63	$ 31.63	
Dec	$ 21.84	$ 22.35	$ 26.32	$ 26.32	
Jan-April	$ 31.17	$ 22.00	$ 23.10	$ 34.44	
May-Dec	$ 27.18	$ 26.69	$ 27.30	$ 28.62	

I make several observations from this data. First, in the May-December time period, Staff's True-Up average ($27.18/MWh), KCP&L's True-Up average ($26.69/MWh), and the actual 12 Months Ended 5/31/15 average ($27.30/MWh) are reasonably close. In the January-April time period, KCP&L True-Up and the actual 12 Months Ended 5/31/15 prices are reasonably close, however Staff's True-Up prices for this same time period ($31.17/MWh) are significantly higher than both the KCP&L True-Up ($22.00/MWh) and 12 Months Ended 5/31/15 actuals ($23.10/MWh). Staff's January-April average is much closer to what actual prices were in 2014 ($34.44/MWh) which is outside the true-up period.

In addition, note that the highest average monthly sales price included in Staff's true-up case occurs in February. Typically prices are higher during the peak summer months than during the winter. Note that this was not the case in 2014. The unusually cold weather that occurred in early 2014, sometimes referred to as the "polar vortex", resulted in the highest average actual prices for the year occurring in March.

Q: Do you have any indication of what may have caused these anomalous looking prices in Staff's true-up case?

A: Yes. In discussions with Staff, Staff has indicated to the Company that it believes there is an error in Staff's wholesale market prices, resulting in prices that are too high.

Q: Has KCP&L estimated what it believes the impact from Staff's higher wholesale market prices has on Staff's cost of service results?

A: Yes, it has.

Q: How has KCP&L made this estimate?

A: Staff true-up case work papers included the hourly non-firm wholesale energy sales from KCP&L resources. These hourly energy sales are from the Staff's production cost model run. I calculated the amount of off-system sales revenues the Company would receive from these wholesale sales based on the KCP&L true-up prices and compared this revenue to the revenue include in Staff's true-up case based on Staff's assumed wholesale market prices. This was done on an hourly basis for the true-up period. Using the Company's hourly wholesale prices instead of Staff's, Staff's off-system sales revenues would be reduced by approximately $15.9 million (total Company basis).

Staff's true-up case work papers also included the hourly energy purchase results from their production cost model run. Since lower wholesale market prices would decrease purchased power costs, I calculated purchased power costs based on Staff's hourly energy purchases and the Company's hourly market prices. This resulted in reducing Staff's modeled purchased power costs by approximately $1 million (total Company basis).

Therefore, using Staff's modeled hourly wholesale purchase and sales volumes and KCP&L hourly market prices, Staff's cost of service would increase by approximately $14.9 million (total Company basis).

Q: Why should this be considered an "estimate"?

A: Changing wholesale market price assumptions will also change the amount (i.e., MWh) of energy sold and purchased in the wholesale market. This $14.9 million impact is based on keeping the volume of sales and purchases equal to Staff's production cost model results, but with changed market price assumptions. Staff would have to re-run their production cost model with updated prices to get the exact impact on Staff's cost of service.

Q: What conclusion should the Commission reach on the basis of this information?

A: The Commission should reject Staff's estimate of fuel and purchased power costs and adopt the fuel and purchased power costs developed by KCP&L for purposes of establishing the revenue requirement in this case.

Wholesale Contract Issue

Q: Please describe the wholesale contract issue.

A: KCP&L has multiple wholesale sales contracts in place. Some of these contracts have been included in the Company's cost of service in this case. Two of the contracts currently in place expire on September 30, 2015 which is the day after the anticipated rate effective date in this case. As these contracts are set to expire, KCP&L has not included them in its cost of service. Unlike the Company's treatment of these contracts, Staff intends to annualize these contracts and include approximately $4.1 million in wholesale revenue as an offset to expenses in its cost of service.

Q: What adjustment should be made to Staff's cost of service if the Commission were to decide to exclude these two contracts from the Company's cost of service?

A: Staff has some corrections to make to the wholesale contract revenues in its true-up case. To the extent Staff corrects its contract revenues as anticipated, Staff's cost of service should be adjusted upwards by $1.453 million (total Company basis). This reflects the estimated net impact on the Company's cost of service from removal of these two contracts.

TCR Margin Adjustment

Q: What is a TCR Margin adjustment?

A: During the true-up period in this case, KCP&L received more revenue from the Southwest Power Pool related to TCRs than it incurred in estimated transmission congestion costs. The net gain in revenue is reflected in both Staff's case and the Company's case.

Q: What is the issue with the TCR Margin adjustment?

A: KCP&L's true-up case included an error in the net gain from TCR-related activity during the true-up period. Staff discovered the error and has the correct TCR margin adjustment to fuel and purchased power costs included in their true-up case. KCP&L supports the $1,765,578 TCR margin included in Staff's true-up case.

Q: Does that conclude your True-Up Rebuttal Testimony?

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-2014-0370

AFFIDAVIT OF BURTON L. CRAWFORD

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

Burton L. Crawford, being first duly sworn on his oath, states:

1. My name is Burton L. Crawford. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Energy Resource Management.

2. Attached hereto and made a part hereof for all purposes is my True-Up Rebuttal Testimony on behalf of Kansas City Power & Light Company 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.

Burton L. Crawford

Subscribed and sworn before me this 15th day of July, 2015.

Nicole H. Wehry
Notary Public

My commission expires: Feb. 4 2019

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2019
Commission Number: 14391200