Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Kansas City Power & Light
Case No.:	ER-2019-____
Date Testimony Prepared:	January 31, 2019

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company for Periodic Changes to Fuel Adjustment Rates Required by 4 CSR 240-20.090(8) And The Company's Approved Fuel and Purchased Power Cost Recovery Mechanism	)))))	Case No. ER-2019-____

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Lisa A. Starkebaum, being first duly sworn on her oath, states:

1. My name is Lisa A. Starkebaum. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Manager - Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L, consisting of nine (9) 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.

Lisa A. Starkebaum
Lisa A. Starkebaum

Subscribed and sworn before me this 31st day of January 2019.

Anthony R Westenkirchner
Notary Public

My commission expires: 4/26/2021

ANTHONY R WESTENKIRCHNER
Notary Public, Notary Seal
State of Missouri
Platte County
Commission # 17279952
My Commission Expires April 26, 2021

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2019-___

Q: Please state your name and business address.

A: My name is Lisa A. Starkebaum. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L") as Manager - Regulatory Affairs.

Q: What are your responsibilities?

A: My responsibilities include the coordination, preparation and review of financial information and schedules associated with the Company's compliance filings for Westar, KCP&L and KCP&L Greater Missouri Operations Company ("Company" or "GMO").

Q: Please describe your education.

A: In 1994, I received a Bachelor of Science Degree in Finance from Northwest Missouri State University in Maryville, Missouri.

Q: Please provide your work experience.

A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila, Inc. ("Aquila") where I worked in the Financial and Regulatory Reporting group as an Accountant, until joining Regulatory Accounting Services as a

Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years prior to beginning my employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by Great Plains Energy Incorporated. Since that time, I have held various positions with increasing responsibilities within Regulatory Accounting Services and Regulatory Affairs, most recently as a Lead Regulatory Analyst. As a Lead Analyst, my main areas of responsibility included the preparation of FERC and jurisdictional reporting, and the preparation of rate cases and rate case support for both KCP&L and GMO. In December 2015, I became a Supervisor, Regulatory Affairs responsible for compliance reporting and was later promoted to Manager, Regulatory Affairs effective June 2018. In my current position, I am responsible for overseeing various reporting requirements to ensure Westar, KCP&L and GMO are compliant with its jurisdictional rules and regulations, in addition to the implementation of new reporting or commitments resulting from various rate case orders and other regulatory filings. In addition, I oversee the coordination, review and filing of the various rider mechanisms utilized by Westar, KCP&L and GMO.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("MPSC" or "Commission") or before any other utility regulatory agency?

A: Yes, I have testified before the MPSC, the Kansas Corporation Commission ("KCC" or "Commission"), and have provided written testimony before the Public Utilities Commission of Colorado. In addition, I have worked closely with both MPSC and KCC Staff on numerous filings and rate case matters.

Q: What is the purpose of your testimony?

A: In Case No. ER-2014-0370, KCP&L was authorized to implement a Fuel Adjustment Clause ("FAC"). A FAC is a way to ensure that customers pay only for the actual cost of fuel they use during a certain time-period rather than the estimated fuel costs set in base rates. This FAC tariff filing consists of a Fuel Adjustment Rate ("FAR") for the KCP&L Missouri rate jurisdiction. My testimony supports the rate schedule filed by KCP&L to adjust rates for the FAC includable costs experienced during the six-month period July 2018 through December 2018. This six-month period represents the seventh accumulation period under KCP&L's FAC, which was originally approved by the Commission in Case No. ER-2014-0370 ("2014 Case") and modified in Case Nos. ER-2016-0285 ("2016 Case") and ER-2018-0145 ("2018 Case"). The proposed FAC charge for KCP&L Missouri residential customers is $0.00409 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $4.09. This represents a decrease of $1.46 to a customer's monthly bill compared to the prior FAC.

Q: Please explain why KCP&L filed the FAC adjustment rate schedules at this time.

A: The Commission's rule governing fuel and purchased power cost recovery mechanisms for electric utilities – specifically 4 CSR 240-20.090(8)(A) – requires KCP&L to make periodic filings to allow the Commission to review the actual net FAC includable costs the Company has incurred and to allow rates to be adjusted, either up or down, to reflect those actual costs. The Commission's rule requires at least one such review and adjustment each year. KCP&L's approved FAC calls for two annual filings – one filing covering the six-month accumulation period running from January through June and another filing covering the accumulation period running from July through December. Any increases or decreases in rates in these filings are then included in the customers' bills over a subsequent 12-month recovery period.

For the seventh accumulation period covering the period of July 2018 through December 2018, KCP&L's actual FAC includable costs exceeded the base costs included in base rates by approximately $9 million, a decrease of $15 million compared to the prior sixth accumulation period of January 2018 through June 2018. In accordance with the Commission's rule and KCP&L's approved FAC, KCP&L is filing the FAC tariff that provides for a change in rates to recover 95% of those cost changes, or approximately $8.8 million which includes interest that is offset by the fourth accumulation true-up.

In addition, a true-up filing is being made concurrent with this filing covering the fourth accumulation period of January 2017 through June 2017 and its corresponding recovery period of October 2017 through September 2018. The proposed fourth accumulation period true-up amount is an over-recovery of $511,952.

Q: Is there anything impacting this semi-annual FAC filing that should be mentioned?

A: Yes, KCP&L's actual FAC includable costs exceeding the base energy costs are lower in this accumulation than they were in the previous accumulation. There are a few offsetting factors contributing to this decrease. First, actual fuel expense was higher during this seventh accumulation period because Wolf Creek was back online after its planned maintenance and refueling outage that began in April and continued through mid-May. Also, Iatan 2 was back online after its outage through July. Expectedly, the increase in fuel expense was offset by a decrease in purchased power expense between the sixth and seventh accumulation periods. Second, summer weather was 8% warmer than normal and fall weather was 14% cooler than normal resulting in a slight increase in retail load requirements during the seventh accumulation period as compared to both the prior sixth accumulation period as well as the same time-period last year. Lastly, there was a significant increase in off-system sales revenue over the prior accumulation period as generation was available to sell to Southwest Power Pool ("SPP") Integrated Marketplace.

Q: Is there anything else impacting this semi-annual FAC filing that should be mentioned?

A: Yes, there are several additional items to note.

First, as a result of the 2018 Case, there are two base factors during the seventh accumulation period. From July 1, 2018 through December 5, 2018, the base factor was $0.01542. Effective December 6, 2018, the effective date of rates in the 2018 Case, the base factor is $0.01675. The actual net energy costs were calculated separately for each base factor. For transmission, substation, primary and secondary customers, the current loss factors or Voltage Adjustment Factor ("VAF") from the 2018 Case were applied to the FAR.

Second, the presentation of materials and supporting documentation provided in this semi-annual FAC filing has been changed to comply with the Final Order of Rulemaking to amend 4 CSR 240-20.090 Fuel and Purchased Power Rate Adjustment Mechanism that became effective on January 30, 2019. This semi-annual filing follows the guidelines for Periodic Changes to Fuel Adjustment Rates as provided in 4 CSR 240-20.090(8).

Finally, through a filing made on December 31, 2018 in Case No. EO-2019-0047, KCP&L provided notice of its election, effective January 1, 2019, to make the plant in service accounting ("PISA") deferrals permitted under section 393.1400 RSMo. Due to the rate cap limitations set forth in the rule, KCP&L has performed the calculations to determine the impact, if any, of this semi-annual FAC filing on the Average Overall Rate and Class Average Overall Rate for the Large Power customer class effective December 6, 2018, the effective date of rates in Case No. ER-2018-0145. As shown in the KCP&L PISA Calculation schedule provided with this filing, the 3% cap on the Average Overall Rate and 2% cap on the Class Average Overall Rate was not exceeded; therefore, there is no PISA impact resulting from this FAC filing.

Q: How did you develop the various values used to derive the proposed FARs that are shown on Schedule LAS-1?

A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in conjunction with this testimony contains all the information as set in 4 CSR 240-20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting a copy of the work papers that support the determination of the current FAR.

Q: Please describe the impact of the change in costs and how it will affect a typical customer.

A: The proposed current period FAR is $0.00098 per kWh for transmission voltage customers, $0.00099 per kWh for substation voltage customers, $0.00101 per kWh for primary voltage customers and $0.00103 per kWh for secondary voltage customers. This is the difference between the base FAC includable costs and the actual costs incurred by the Company including interest and adjustments during the current seventh accumulation period of July 2018 through December 2018 and will be billed over a recovery period running from April 2019 through March 2020.

The proposed FAR was calculated in the manner specified in the Company's FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the tariff sheet with the current FAR, the prior period FAR and the total FAR that will be billed to customers over the recovery period. The FAR for the sixth accumulation period is added to the FAR for the current accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR will be $0.00390 per kWh for transmission voltage customers, $0.00391 per kWh for substation voltage customers, $0.00400 per kWh for primary voltage customers and $0.00409 per kWh for secondary voltage customers. As stated earlier, this will result in a decrease of approximately $1.46 per month for residential customers using 1,000 kWh per month.

Q: If the rate schedules filed by KCP&L are approved or allowed to go into effect, what safeguards exist to ensure that the revenues the Company bills to its customers do not exceed the fuel and purchased power costs that KCP&L actually incurred during the Accumulation Period?

A: KCP&L's FAC and the Commission's rules provide two mechanisms to ensure that amounts billed to customers do not exceed KCP&L's actual, prudently-incurred fuel and purchased power costs. First, at the end of each recovery period the Company is required to true up the amounts billed to customers through the FAR with the excess fuel and purchased power costs that were actually incurred during the accumulation period to which the FAR applies. Second, KCP&L's fuel and purchased power costs are subject to periodic prudence reviews to ensure that only prudently-incurred fuel and purchased power costs are billed to customers through KCP&L's FAC. These two mechanisms serve as checks to ensure that the Company's customers pay only the prudently-incurred, actual costs of fuel and purchased power used to provide electric service.

Q: Have each of these mechanisms been in effect throughout the FAC process since its inception in the 2014 Case?

A: Yes, KCP&L has completed its fourth recovery period of October 2017 through September 2018 for the fourth accumulation period covering fuel and purchased power costs net of off-system sales revenues for the period of January 2017 through June 2017. The true-up filing is being made concurrent with this semi-annual filing. In addition, KCP&L has been through one prudence review to date and is currently in its second prudence review, Case No. EO-2019-0068. In the completed prudence review, Case No. EO-2017-0231, covering the period of September 29, 2015 through December 31, 2016, the Commission issued its order stating no indication of imprudence by the Company.

Q: What action is KCP&L requesting from the Commission with respect to the rate schedules that the Company has filed?

A: The Company requests the Commission approve the rate schedules to be effective as of April 1, 2019.

Q: Does this conclude your testimony?

A: Yes, it does.

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
(Applicable to Service Provided December 6, 2018 and Thereafter)
Effective for Customer Usage Beginning April 1, 2019 through September 30, 2019

Accumulation Period Ending:			December 31, 2018
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$145,773,099
2	Net Base Energy Cost (B)	-	$129,775,638
	2.1 Base Factor (BF)*		
	2.2 Accumulation Period NSI (S_{AP})		8,320,697,000
3	(ANEC-B)		$15,997,461
4	Jurisdictional Factor (J)	x	56.32005%
5	(ANEC-B)*J		$9,009,778
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		$8,559,289
8	True-Up Amount (T)	+	($511,952)
9	Interest (I)	+	$708,656
10	Prudence Adjustment Amount (P)	+	$0
11	Fuel and Purchased Power Adjustment (FPA)	=	$8,755,994
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,982,300,350
13	Current Period Fuel Adjustment Rate (FAR)	=	$0.00097
14			
15	Current Period FAR_{Trans} = FAR x VAF_{Trans}		$0.00098
16	Prior Period FAR_{Trans}	+	$0.00292
17	Current Annual FAR_{Trans}	=	$0.00390
18			
19	Current Period FAR_{Sub} = FAR x VAF_{Sub}		$0.00099
20	Prior Period FAR_{Sub}	+	$0.00292
21	Current Annual FAR_{Sub}	=	$0.00391
22			
23	Current Period FAR_{Prim} = FAR x VAF_{Prim}		$0.00101
24	Prior Period FAR_{Prim}	+	$0.00299
25	Current Annual FAR_{Prim}	=	$0.00400
26			
27	Current Period FAR_{Sec} = FAR x VAF_{Sec}		$0.00103
28	Prior Period FAR_{Sec}	+	$0.00306
29	Current Annual FAR_{Sec}	=	$0.00409
30	VAF_{Trans} = 1.0129		
31	VAF_{Sub} = 1.0162		
32	VAF_{Prim} = 1.0383		
33	VAF_{Sec} = 1.0592		

*From July 1, 2018 through December 5, 2018, the base factor was $0.01542. As ordered by the Commission in Case No. ER-2018-0145, effective December 6, 2018, the base factor is $0.01675.