Exhibit No.:
Issue: Fuel Adjustment Clause; Jurisdictional Allocations; Accounting Adjustments
Witness: Linda J. Nunn
Type of Exhibit: Direct Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ER-2018-0146
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2018-0146

DIRECT TESTIMONY

OF

LINDA J. NUNN

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
January 2018

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DIRECT TESTIMONY

OF

LINDA J. NUNN

CASE NO. ER-2018-0146

INTRODUCTION

Q: Please state your name and business address.

A: My name is Linda J. Nunn. 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" or "Company") as Supervisor - Regulatory Affairs.

Q: What are your responsibilities?

A: My responsibilities include the coordination, preparation and review of financial information and schedules associated with Company rate case filings and other regulatory filings.

Q: Please describe your education.

A: I received a Bachelor's of Science Degree in Business Administration with a concentration in Accounting from Northwest Missouri State University.

Q: Please provide your work experience.

A: I became a Senior Regulatory Analyst with KCP&L in 2008, as a part of the acquisition of Aquila, Inc., by Great Plains Energy. In 2013, I was promoted to Supervisor - Regulatory Affairs. Prior to my employment with KCP&L, I was employed by Aquila, Inc. for a total of eleven years. In addition to Regulatory, I have had experience in Accounting, Audit, and Business Services, where I had responsibility for guiding restructuring within the delivery division. In addition to my utility experience I was the business manager and controller for two area churches. Prior to that, I was an external auditor with Ernst & Whinney.

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

A: I have provided written testimony in various filings made before the MPSC relating to GMO's FAC. I have also worked closely with many MPSC Staff on numerous filings as well as on rate case issues.

Q: **What is the purpose of your testimony?**

A: The purpose of my testimony is to discuss various adjustments made to the test year as well as introduce the discussion on jurisdictional allocations. As explained in the testimony of Company witness Ronald A. Klote, adjustments are made to the historical test year for known and measurable changes along with the annualization, normalization and amortization of certain assets, liabilities, revenues and expenses. In the following testimony, I will be discussing several of these adjustments.

JURISDICTIONAL ALLOCATIONS

Q: **Have the jurisdictional allocations used in the most recent GMO case changed in any significant way?**

A: Other than the electric/steam allocation methodology used for the Lake Road Generating Station that are described in the direct testimony of Company witness

Tim M. Rush, no significant changes have been made to the methodology used in Case No. ER-2016-0156 ("2016 Case").

ACCOUNTING ADJUSTMENTS

RB-25/CS-111 IATAN 1 & IATAN COMMON REGULATORY ASSET

Q: Please explain adjustment RB-25.

A: As continued from the 2016 Case, GMO included in a regulatory asset depreciation expense and carrying costs for the Iatan Unit 1 Air Quality Control System and Iatan common plant. Adjustment RB-25 establishes the anticipated rate base value as of June 30, 2018 by rolling forward the regulatory asset balance from June 30, 2017 to June 30, 2018.

Q: Was this regulatory asset included in rate base in the 2016 Case?

A: Yes.

Q: Please explain adjustment CS-111.

A: The Company continued the amortization of this regulatory asset based on the amortization levels established in the 2016 Case. The test year properly reflected the annual level of amortization expense.

RB-26/CS-112 IATAN 2 REGULATORY ASSET

Q: Please explain adjustment RB-26.

A: As continued from the 2016 Case, Adjustment RB-26 establishes the anticipated rate base value as of June 30, 2018 by rolling forward from the true-up date of the 2016 Case to the anticipated true-up date of June 30, 2018, for this current case.

Q: Was this regulatory asset included in rate base in the 2016 Case?

A: Yes.

Q: Please explain adjustment CS-112.

A: The Company continued the amortization of this regulatory asset based on the amortization levels established in and continued through previous cases. The test year properly reflected the annual level of amortization expense.

RB-50 PREPAYMENTS

Q: Please explain adjustment RB-50.

A: The Company normalized this rate base item based on a 13-month average of prepayment balances. Prepayment amounts can vary widely during the course of the year and an averaging method minimizes these fluctuations.

Q: What is the most significant prepayment included?

A: The most significant prepayment relates to prepaid insurance.

Q: What period was used for the 13-month averaging?

A: The Company used the period June 2016 through June 2017.

RB-55/CS-22 EMISSION ALLOWANCES

Q: Please explain adjustment RB-55.

A: The Company is required to obtain rights from the federal government for the production of SO_2 and NO_x emissions resulting from fossil fuel consumption in its power plants. These rights are secured through the acquisition of emission allowances, which are consumed as the various plants operate. This adjustment normalizes the SO_2 and NO_x allowance inventory.

Q: What method was used to calculate the SO_2 and NO_X emission allowance inventory?

A: Adjustment RB-55 is based on a thirteen-month average of the SO_2 and NOx emission allowance inventory (FERC account 158.1) maintained by GMO for the period June 2016 to June 2017.

Q: Please explain adjustment CS-22.

A: This adjustment reflects the removal of test year amortizations associated with the sale of EPA SO_2 emission allowances. As amortizations have ended in October 2016, test year amortizations are removed from the case. Future sales proceeds of SO_2 emission allowances have been approved to be flowed directly back to our customers through the fuel adjustment clause.

RB-70 CUSTOMER DEPOSITS

Q: Please explain adjustment RB-70.

A: The Company examined GMO customer deposit balances for customers from June 2016 through June 2017. The analysis observed a fluctuating balance during this period. Therefore, the Company chose to use the 13-month average of customer deposits in rate base.

RB-71 CUSTOMER ADVANCES

Q: Please explain adjustment RB-71.

A: The Company examined customer advance balances for customers from June 2016 through June 2017. The analysis observed appears to have an increasing trend to the balance. However, the Company chose to use the 13-month average of customer advances in rate base to be updated in the true-up.

RB-72 MATERIALS AND SUPPLIES

Q: Please explain adjustment RB-72.

A: The Company reviewed the individual materials and supplies category balances during the period June 2016 through June 2017 to determine if there was a discernable trend, either upward or downward. If there was a trend, the test year-end balance was not adjusted. Otherwise, a 13-month average was used.

RB-100/CS-100 ENERGY EFFICIENCY/DEMAND RESPONSE COSTS

Q: Please explain adjustment RB-100.

A: This adjustment rolls forward the unamortized deferred Energy Efficiency/Demand Response costs from July 31, 2016, the true-up date in the 2016 Case, to June 30, 2018 for previously established Vintages 1-4. Also, included in this adjustment is Vintage 5 deferrals representing carrying costs calculated from July 31, 2016, to February 22, 2017, the effective date of new rates in the 2016 Case. This treatment is consistent with the Report and Order in the 2016 Case.

Q: Please explain adjustment CS-100.

A: This adjustment includes an annual amortization of deferred pre-Missouri Energy Efficiency Investment Act ("MEEIA") costs based on the projected deferred cost balance included in adjustment RB-100. The amortization period included for this case for Vintages 1 and 2 is ten years; for Vintages 3 and 4 is six years. Vintage 5's amortization period requested in this case is six years and is consistent with treatment approved in the 2016 Case.

R-21 FORFEITED DISCOUNTS

Q: Please explain adjustment R-21.

A: In adjustment R-21a, the Company normalized forfeited discounts by computing a GMO specific forfeited discount factor based on test period forfeited discounts and revenue and applying it to GMO's weather-normalized revenue. In adjustment R-21b, the Company applied the GMO specific forfeited discount factor to the requested revenue increase in this rate case to obtain the annualized level forfeited discounts that are applicable to the revenues established in this rate case proceeding.

R-49 CCN REVENUE

Q: Please explain adjustment R-49.

A: Adjustment R-49 recognizes forecasted annualized revenue at June 30, 2018 from +our CCN. Total company forecasted CCN revenue was multiplied by the Utility Mass Allocator to establish GMO's estimated share of CCN revenue to include in GMO's cost of service.

R-30/CS-30 INTER-COMPANY OFF-SYSTEM SALES

Q: Please explain adjustments R-30 and CS-30.

A: These adjustments eliminate the inter-company transactions between MPS and L&P that were recorded during the test year (R-30 for revenues and CS-30 for costs). Since combined rates did not go into effect until February 22, 2017 and the test year is the 12 months ended June 30, 2017, a portion of the test year still has intercompany amounts that need to be eliminated.

R-106 L&P REVENUE PHASE-IN AMORTIZATION

Q: **Please explain adjustment R-106.**

A: Based on the Non-Unanimous Stipulation and Agreement As To Certain Issues in the 2012 Case ("2012 S&A"), the previous agreement regarding L&P's phase-in revenues was terminated early, with an annual amount totaling $1,870,245 included in L&P's revenue requirement. The three-year inclusion of the annual amount in rates became effective January 26, 2013 and concluded at the end of January 2016. This amount continued to be collected through February 22, 2017, the effective date of new rates in the 2016 Case. Per the Non-Unanimous Stipulation and Agreement in the 2016 Case ("2016 S&A"), GMO established a regulatory liability to include the over-collected amount from February 2016 to the July 31, 2016, true-up date in that case. The amount totaling $935,123 began its amortization over four years in February 2017. An annual amortization amount was reflected in this adjustment. In addition, the Company is proposing to amortize the remaining over-recovery amount from August 2016 to February 22, 2017, over four years.

CS-11 OUT-OF-PERIOD ITEMS/MISCELLANEOUS ADJUSTMENTS

Q: **Please explain adjustment CS-11.**

A: The Company adjusted certain expense transactions recorded during the test year from the cost of service filing in this rate case. The following is a listing of the various components:

Remove charges from test year- The Company has identified certain costs recorded during the test year for which it is not seeking recovery in this rate proceeding or which were adjustments to transactions recorded prior to the test period, netting to approximately $1.3 million (a GMO total company amount). These costs for which the Company is not seeking recovery primarily include director and officer long-term incentive compensation, political questions in customer tracking survey, and officer expense report items.

Test Year Adjustments from Prior Rate Case Order- The Company has removed costs recorded during the test year which resulted from a prior rate case order since they are one-time transactions amounting to $1.4M (a GMO total company amount).

CS-4/CS-20 BAD DEBTS

Q: Please explain adjustment CS-4.

A: This adjustment is necessary to reflect the test year provision for bad debt expense recorded on the books of GMO Receivables Company ("GRec").

Q: Please explain adjustment CS-20.

A: In adjustment CS-20a the Company adjusted bad debt expense applicable to the weather-normalized revenues by applying a specific net bad debt write-off factor to weather-normalized revenue. In CS-20b, the Company established bad debt expense for the requested revenue adjustment in this rate case, again using the bad debt write-off factor.

Q: How was the net bad debt write-off factor determined?

A: The Company examined net bad debt write-offs as compared to the applicable revenues that resulted in the bad debts.

Q: Over what period was this experience analyzed?

A: Net bad debt write-offs were for the test year, July 2016 through June 2017, while the related retail revenue was for the 12-month period January 2016 through December 2016.

Q: Why were different periods used for the calculation?

A: There is a significant time lag between the date that revenue is recorded and the date that any resulting bad debt write-off is recorded due to time spent on various collection efforts. While the time expended can vary depending on circumstances, the Company assumed a six-month lag, representing the standard time span between when a customer is first billed and the time when an account is disconnected and the receivable subsequently written off.

Q: The term "net" write-offs is used. What does it mean?

A: This term refers to accounts written off less recoveries received on accounts previously written off.

CS-23 REMOVE FAC UNDER-COLLECTION

Q: Please explain adjustments CS-23.

A: This adjustment reverses the amount of under recovery relating to the Fuel Adjustment Clause recorded in account 557100 – Other Production, Other Expense Riders. As under-recoveries are no longer recorded directly to revenue but are recorded as a negative expense in 557100, this adjustment is necessary to remove the under-recovered amounts of net FAC costs.

CS-40/CS-41 TRANSMISSION AND DISTRIBUTION MAINTENANCE

Q: Please explain adjustments CS-40 and CS-41.

A: These adjustments are for the purpose of including an appropriate level of transmission and distribution maintenance expense in this case. Since the maintenance levels have been increasing and are projected to continue to increase through the true-up period in this case, GMO included test year maintenance expense in its direct case as being the most representative level for ongoing expense. Therefore, net operating income is properly stated and requires no adjustment. However, GMO will re-evaluate maintenance levels at the true-up date to determine if any adjustment should be made at that point.

CS-42 GENERATION MAINTENANCE

Q: Please explain adjustment CS-42.

A: This adjustment is for the purpose of including an appropriate level of generation maintenance expense in this case. Since the maintenance level has been increasing and is projected to continue to increase, GMO included test year maintenance expense in its direct case as being the most representative level for ongoing expense. Therefore, net operating income is properly stated and requires no adjustment. However, GMO will re-evaluate maintenance levels at the true-up date to determine if any adjustment should be made at that point.

CS-43 MAJOR MAINTENANCE

Q: Please explain adjustment CS-43.

A: This adjustment normalizes turbine overhaul maintenance.

Q: Please describe the turbine overhaul maintenance adjustment.

A: Scheduled steam turbine overhauls are typically on a seven-year cycle, whereas combustion turbine overhauls typically are based on number of starts and hours run. Thus, actual expense can increase considerably in years corresponding to major maintenance service. To mitigate the large variability, major maintenance expense is spread out over the service life of the related equipment through an accrual process. This method provides a more consistent measurement of annual maintenance expense.

Q: How was the turbine overhaul maintenance expense component computed?

A: An annualized accrual level was computed for each plant covered by the turbine overhaul maintenance account. Accrual amounts were computed using projected turbine outage overhaul costs that are projected over the next seven years in consideration with the accumulated turbine overhaul maintenance account projected balance through June 2018. The annualized level was compared to the test year accrual to establish the adjustment.

CS-44 ECONOMIC RELIEF PILOT PROGRAM

Q: Please explain adjustment CS-44.

A: As part of the 2016 S&A the Company was authorized to continue to fund its Economic Relief Pilot Program ("ERPP") by including 50% in cost of service and 50% funded by shareholders. The Company was also authorized to increase the monthly credit to $65 and increase the poverty level qualification to 200%. The ERPP continues to be funded at $788,019 (50% from shareholders), with $394,009 included in the final revenue requirement. This adjustment reflects the

$394,009 ratepayer funded annualized level compared to the actual expenses for the test year

CS-48 IATAN 2 AND IATAN COMMON TRACKER

Q: Please explain adjustment CS-48.

A: In Case No. ER-2010-0356 ("2010 Case"), the Non-Unanimous Stipulation and Agreement As To Miscellaneous Issues ("2010 Misc. S&A") established a tracker for Iatan 2 and Iatan common O&M expenses. Since that time there have been six completed Vintages of operations and maintenance expenses that have been tracked. In the 2016 Case GMO requested that this tracker be discontinued since a normal level of historical operation and maintenance expenses has occurred for the Iatan 2 and common operations. The Company was authorized to amortize the deferred expenses for Vintages 2-6 over four years. Vintage 1 ended in January 2016. Its annual amortization was set to zero in the 2016 case. This adjustment reflects the annual amortization expense over a four-year period of the net of the Vintages 2, 4, 5 and 6 regulatory assets and Vintage 3 regulatory liability as compared to the test year levels.

CS-49 CCN O&M

Q: Please explain adjustment CS-49.

A: CCN expenses were annualized through June 30, 2018 by taking the projected expenses from January 2018 to June 2018 and multiplying them by two (2). This amount was then multiplied by the Utility Mass Allocator to establish GMO's estimated share of Clean Charge Network expenses to include in GMO's cost of service. Test year expenses for the 12-month period through June 30, 2017 were subtracted from the projected expenses resulting in the adjustment amount.

CS-71 INJURIES AND DAMAGES

Q: Please explain adjustment CS-71.

A: The Company normalized Injuries and Damages ("I&D") costs based on average payout history during the 12-month periods ending December 2014, December 2015, December 2016 and the 6-month period ending June 2017 as reflected by amounts relieved from FERC account 228.2. This account captures all accrued claims for general liability, worker's compensation, property damage, and auto liability costs. The expenses are included in FERC account 925 as the costs are accrued. The liability reserve is relieved when claims are paid under these four categories.

Q: Does account 925 also include costs charged directly to that account?

A: Yes, for smaller dollar claims that are recorded directly to expense, the Company normalized these expenses over the 12-month periods ending December 2014, December 2015 and June 2017.

Q: Why were multi-year averages chosen?

A: I&D claims and settlements of these claims can vary significantly from year-to-year. A period of 3 years and 3.5 years was used to establish an appropriate on-going level of this expense by leveling out fluctuations in the payouts that can exist from one year to the next depending on claims activity and settlements.

CS-10 / CS-76 CUSTOMER DEPOSIT INTEREST

Q: Please explain adjustment CS-10.

A: This adjustment is necessary to include test year customer deposit interest from Missouri customers in cost of service.

Q: Please explain adjustment CS-76.

A: The Company annualized customer deposit interest in accordance with the Company's tariff, which states that the interest rate established for each year for customer deposits will be based on the December 1 prime rate published in the *Wall Street Journal*, plus 100 basis points ("bps"). The rate used in this adjustment for Missouri deposits is the prime rate of 4.25% at December 1, 2017 plus 100 bps to equal 5.25%.

Q: What customer deposit balance was this interest rate applied to?

A: The interest rate was applied to the customer deposit balance determined in adjustment RB-70, discussed earlier in this testimony.

<u>CS-77 CREDIT CARD PROGRAM</u>

Q: Please explain adjustment CS-77.

A: GMO annualized credit card program expenses based on actual participation levels and costs at August 31, 2017.

Q: What is the status of GMO's credit card payment program?

A: GMO began offering credit card payment options to its residential customers in 2009. Customers have the option to make one-time card payments (non-recurring payments) through either the interactive voice response telephone system or the KCP&L website. Since that time participation levels have been steadily increasing, with credit/debit card payments representing 16.9% of all payments in KCP&L and GMO's territory through October 31, 2017.

CS-9/CS-78 ACCOUNTS RECEIVABLE SALES FEES

Q: Please explain adjustments CS-9 and CS-78.

A: Bank fees are first included in cost of service through adjustment CS-9, wherein fees incurred during the test year by GRec are reflected. The Company then annualized these fees by using June 2017 actuals, determined by (a) calculating monthly interest, based upon the actual rate in effect at June 30, 2017, applicable to the monthly Seasonal Advance amount for June 2017; (b) calculating the monthly Program Fee based on this monthly advance amount and a Program Fee Rate of 60.0 bps; and (c) calculating the monthly Commitment Fee based upon a fee rate of 25.0 bps. The sum of (a), (b), and (c) represents the total projected bank fees for a 30-day period. This amount was annualized and compared to test year amounts ending June 2017.

CS-80 RATE CASE COSTS

Q: Please explain adjustment CS-80.

A: The Company annualized rate case costs by including projected costs for the current rate proceeding normalized over four years which will be trued-up as part of the true-up process in this rate case. Annualized rate case costs were then compared to rate case expense amortizations included in the test year (of which the amount was zero) to properly reflect rate case expense in cost of service in this rate case.

Q: How was rate case cost related to the current Missouri rate proceeding estimated?

A: GMO estimated costs based on the consultants and attorneys it anticipates will be used in this case and based on the scope of work anticipated.

Q: In making this estimate did GMO anticipate a full rate case, including hearings, briefs, etc., as opposed to a settled case?

A: Yes, a full rate case was assumed.

<u>CS-85 REGULATORY ASSESSMENTS</u>

Q: Please explain adjustment CS-85.

A: The Company annualized Missouri regulatory assessments based on quarterly assessments in effect at June 2018. GMO annualized FERC Schedule 12 fees based on budgeted fees for 2018.

<u>CS-86 SCHEDULE 1-A FEES</u>

Q: Please explain adjustment CS-86.

A: GMO annualized SPP Schedule 1-A fees based on actual rates in July 2017 and then average rates projected through June 2018. GMO is using projected SPP Schedule 1-A fees to be consistent with its requested treatment of transmission expenses in this case.

<u>CS-88 CIPS/CYBER SECURITY O&M</u>

Q: Please explain adjustment CS-88.

A: Adjustment CS-88 is an adjustment that includes capturing increased costs associated with the Company's investment and ongoing maintenance and support of systems and infrastructure for cyber and physical security needs related to the North American Electric Reliability Corporation Critical Infrastructure Protection Standards. The adjustment projects annualized costs based on budgeted O&M expenses for 2018.

CS-89 METER REPLACEMENT CONTRACT RATE

Q: Please explain adjustment CS-89.

A: Beginning in 2016, the Company began installing AMI technology that would replace all of the Company's manually read meters in GMO's service territory. Adjustment CS-89 computes the costs associated with the meter reading contract for the newly installed AMI meters. The AMI meters are a new technology that will bring increased functionality such as providing load profile data for each meter and provide increased functionality around power outages and restoration events. This adjustment annualizes the composite meter reading cost per meter which is $0.67 cents per meter for 2018. The annualized amount is based on the average of the 12 months ended June 2017 meters read.

CS-90 ADVERTISING

Q: Please explain adjustment CS-90.

A: This adjustment removes any expenses such as event sponsorships and public image advertising which are not recoverable advertising costs.

CS-91 DSM ADVERTISING COSTS

Q: Please explain this adjustment.

A: As part of the 2010 Misc. S&A the Company agreed to capitalize and amortize demand-side management advertising costs over a ten- year period effective June 25, 2011. No additional adjustment is necessary as the test year is reflective of the appropriate on-going level of expense.

CS-92 DUES AND DONATIONS

Q: Please explain adjustment CS-92

A: This adjustment removes certain types of dues and donations from the test year cost of service that relate to educational sponsorships or charity type organizations and events.

CS-98 MEEIA

Q: Please explain why GMO is making this adjustment.

A: In Case No. EO-2015-0241, GMO's MEEIA Cycle 2 filing, the company was granted a Demand Side Investment Mechanism rider. As such, the MEEIA expenses have been removed from the test year in this rate case filing. This adjustment removes MEEIA related expenses recorded during the test year from its cost of service. The expenses include non-labor MEEIA actual program costs and the MEEIA over and under collection amount.

CS-101 IEW

Q: Please explain adjustment CS-101.

A: Per the 2016 S&A, GMO was authorized to recover IEW program costs in rates for a funding level of $400,000 annually. This adjustment sets the expense level at the $400,000 authorized as the test year does not include a full 12 months' worth of costs.

CS-105 TRANSOURCE - TRANSFERRED ASSET VALUE

Q: Please explain adjustment CS-105.

A: GMO is making this adjustment to comply with conditions of the MPSC Report and Order in Case No. EA-2013-0098. The Commission Order stated in Appendix 4: Consent Order, page 30:

> Transource Missouri will pay GMO the higher of $5.9 million or net book value for transferred transmission assets, easements, and right-of-ways that have been previously included in the rate base and reflected in the retail rates of KCP&L and GMO customers. KCP&L and GMO agree to book a regulatory liability reflecting the value of this payment to the extent it exceeds net book value. This regulatory liability shall be amortized over three years beginning with the effective date of new rates in KCP&L's and GMO's next retail rate cases.

Q: Please explain adjustment CS-105.

A: In the 2016 Case, GMO established a regulatory liability for the transmission assets through the true-up date in that case of July 31, 2016. The total amount of $5,661,434 is being amortized and returned to ratepayers over a three-year period which became effective February 22, 2017. An annual amortization amount was reflected in this adjustment. In addition, the Company is proposing to amortize the remaining liability recorded from August 2016 to February 22, 2017, the effective date of rates in the 2015 case, over four years.

CS-107 L&P ICE STORM AAO ADJUSTMENT

Q: Please explain adjustment CS-107.

A: In December 2007, GMO incurred significant costs associated with an ice storm that struck its L&P service territory. The Company filed an Accounting Authority Order ("AAO") application to defer these costs and amortize them over a five-year period beginning January 2008. On March 20, 2008, the Commission approved the AAO filing in Case No. EU-2008-0233. As a result of the 2012 S&A, the L&P Ice Storm AAO was amortized through September 2013. As part of the Stipulation, GMO agreed to track the over-recovery of the ice storm beginning October 1, 2013 by recording the monthly amount collected through rates to a regulatory liability account for future refund to retail customers in a subsequent rate proceeding. In the 2016 Case, GMO established a regulatory liability through the true-up date for that case of July 31, 2016. A total of $4,503,403 is began amortization and a return to the ratepayers on February 22, 2017 for a four-year period. This annual amortization amount has been reflected in this adjustment. In addition, the Company is proposing to amortize the remaining liability recorded from August 2016 to February 22, 2017, over four years.

CS-110 TRANSOURCE ACCOUNT REVIEW

Q: Please explain adjustment CS-110.

A: In the 2016 Case, GMO was required to establish a regulatory liability in the amount of $122,840 to be amortized over a three-year period which began February 22, 2017. This regulatory liability is the result of a review of all Transource related charges from project creation in August of 2010 to August of 2013. The review consisted of the following four areas:

Labor – Labor charges of all the project participants were reviewed.

Non-Labor – All invoices were reviewed for the vendors who supported the Transource project.

Expense Reports – Expense reports of the Transource project participants were reviewed.

Facilities Allocation – A portion of common facilities was allocated to the Transource project.

Adjustment CS-110 reflects the annual amortization over a three-year period of the regulatory liability.

CS-116 RENEWABLE ENERGY STANDARDS COSTS

Q: Please explain adjustments CS-116.

A: GMO filed tariff sheets in Case No. EO-2014-0151 to establish a Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM") which was approved by the Commission and became effective December 1, 2014. Since these costs are recovered through the RESRAM, they should not be included in the costs of service for the current rate case filing. Adjustment CS-116 removes the RESRAM expenses that were recorded during the test year ending June 30, 2017.

CS-130 CUSTOMER MIGRATION – LOST REVENUES

Q: Please explain adjustment CS-130.

A: This adjustment has been included as a placeholder for the recovery of potential lost revenues that may be associated with rate design changes established in this case. The need for an adjustment will be analyzed as the case progresses and customer migration impacts can be calculated.

Q: Does this conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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 LINDA J. NUNN

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

Linda J. Nunn, being first duly sworn on her oath, states:

1. My name is Linda J. Nunn. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Supervisor - Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company, consisting of twenty-two (22) 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.

Linda J. Nunn
Linda J. Nunn

Subscribed and sworn before me this 29th day of January 2018.

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