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State Corporation Commission
of Kansas

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

LINDA J. NUNN

ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MAKE CERTAIN CHANGES IN
ITS CHARGES FOR ELECTRIC SERVICE

DOCKET NO. 18-KCPE-____-RTS

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I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Linda J. Nunn. My business address is 1200 Main Street, 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 the "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: What is the purpose of your testimony?

A: The purpose of my testimony is to discuss various adjustments made to the test year. 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.

Q: Before you present your discussion, please describe your education, experience and employment history.

A: I received a Bachelor of Science Degree in Business Administration with a concentration in Accounting from Northwest Missouri State University in Maryville, Missouri. 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 experience in Accounting, Audit, and Business Services, where I was responsible 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 Kansas Corporation Commission ("Commission" or "KCC") or before any other utility regulatory agency?

A: Yes, I have testified before the KCC as well as the Missouri Public Service Commission.

II. ACCOUNTING ADJUSTMENTS

Q: Where can the impact of the accounting adjustments you will be discussing in the remainder of your testimony be found?

A: The impact of the accounting adjustments I will be discussing can be found on Schedules RAK-2 through RAK-4 in the Direct Testimony of Company witness Ronald A. Klote.

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

Q: Please explain adjustment RB-25.

A: As established in Docket No. 15-KCPE-116-RTS ("15-116 Docket"), KCP&L has continued to amortize the regulatory asset which holds the approved deferred amounts of 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, which is recorded on a Kansas jurisdictional basis, from September 30, 2017 to June 30, 2018.

Q: Was this regulatory asset included in rate base in the 15-116 Docket?

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 15-116 Docket. The test year properly reflects the annual level of amortization expense.

Q: Will adjustment RB-25/CS-111 be updated?

A: No, it is not necessary to update these adjustments as the Iatan 1 and Common Regulatory Asset balance at June 30, 2018, as well as the annual amortization amount, is known and included in the Direct Filing.

<u>RB-27/CS-113 – LA CYGNE REGULATORY ASSET – DEPRECIATION DEFERRAL & AMORTIZATION</u>

Q: Please explain adjustment RB-27.

A: As established in the 15-116 Docket and updated in Docket No. 17-KCPE-201-RTS ("2017 Abbreviated Case"), KCP&L included in a regulatory asset the deferred depreciation for the La Cygne Environmental Upgrade. Adjustment RB-27 establishes the anticipated rate base value as of June 30, 2018, by rolling forward the regulatory asset balance, which is recorded on a Kansas jurisdictional basis, from September 30, 2017, to June 30, 2018. The authorization for deferral was granted in Docket No. 15-GIME-025-MIS which approved the jointly filed application of KCP&L, Westar Energy, Inc., Kansas Gas and Electric Company, Staff and CURB.

Q: Was this regulatory asset included in rate base in the 2017 Abbreviated Case?

A: Yes.

Q: Please explain adjustment CS-113.

A: The Company continued the amortization of this regulatory asset based on the amortization levels as updated in the 2017 Abbreviated Case. The test year properly reflects the annual level of amortization expense. This regulatory asset is being amortized over the remaining useful life of the La Cygne generating station (25 years) as approved in the 15-116 Docket.

Q: Will adjustment RB-27/CS-113 be updated?

A: No, it is not necessary to update these adjustments as the Deferred Depreciation Regulatory Asset balance at June 30, 2018, as well as the annual amortization amount, is known and included in the Direct Filing.

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 during the year and an averaging method minimizes these fluctuations.

Q: What accounts are included in prepayments?

A: The most significant relate to prepaid insurance, postage and software maintenance.

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

A: September 2016 through September 2017.

RB-55 – EMISSION ALLOWANCES

Q: Please explain adjustment RB-55.

A: The Stipulation and Agreement approved by the Commission in Docket No. 04-KCPE-1025-GIE ("Regulatory Plan" or "04-1025 S&A"), included a sulfur dioxide ("SO_2") Emission Allowance Management Policy, which provided for KCP&L to sell SO_2 emission allowances in accordance with the initial SO_2 Plan submitted to the KCC, Staff and other parties in January 2005, as updated. The 04-1025 S&A required KCP&L to record all SO_2 emission allowance sales proceeds as a regulatory liability in account 254. The liability was to be reduced by premiums that resulted from the Company's purchase of lower sulfur coal than those that are specified under contracts. After the completion of the Regulatory Plan, with the implementation of new rates in Docket 12-KCPE-764-RTS ("12-764 Docket"), the liability has been reduced by the amortization of the regulatory liability. Adjustment RB-55 reflects the regulatory liability associated with the projected emission allowances at June 30, 2018

Q: What amortization period is being used?

A: Emission allowance sales proceeds are being amortized over a 22-year period.

Q: Will the amortization of this regulatory liability account be reflected as a reduction in revenue requirements in this rate proceeding?

A: No. Customers are given the benefit of this amortization through the ECA Rider, the effect of which is eliminated from the base retail rates calculation.

RB-70 CUSTOMER DEPOSITS

Q: Please explain adjustment RB-70.

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

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 September 2016 through September 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-75 NUCLEAR FUEL INVENTORY

Q: Please explain adjustment RB-75.

A: The Company normalized this balance based on an 18-month average to coincide with the 18-month Wolf Creek refueling cycle. Nuclear fuel inventory balances increase significantly at the time of a refueling outage and then decrease systematically until the next refueling outage. An averaging method minimizes these changes.

Q: What period was used for the 18-month averaging?

A: The Company used the period January 2017 through June 2018. Projections were used for the balances ending February 2018 through June 2018.

R-20 REVENUES (ECA OFFSET)

Q: The Direct Testimony of Company witness Marisol Miller states that the impact of the amounts which will be recovered under the ECA were removed from the revenue requirement amounts. How was this accomplished?

A: The net costs associated with the Company's ECA were jurisdictionalized to Kansas and an offsetting revenue increase was made to net the revenue requirement impact to zero.

R-21 FORFEITED DISCOUNTS

Q: Please explain adjustment R-21.

A: In R-21a, the Company normalized forfeited discounts by computing a Kansas-specific forfeited discount factor based on test period forfeited discounts and revenue and applying it to Kansas jurisdictional weather-normalized revenue. In R-21b, the Company applied the forfeited discount factor to the requested revenue increase in this rate case to obtain the annualized level of 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 the CCN. Total company forecasted CCN revenue was multiplied by the Utility Mass Allocator to establish KCP&L's estimated share of CCN revenue to include in KCP&L's cost of service.

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 Kansas City Power & Light Receivables Company ("KCREC").

Q: Please explain adjustment CS-20.

A: In adjustment CS-20a, the Company adjusted bad debt expense applicable to the weather-normalized revenues calculated in adjustment R-20 by applying a Kansas-specific net bad debt write-off factor to Kansas weather-normalized revenue. In adjustment 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 bad debt write-off factor determined?

A: The Company examined net bad debt write-offs on a Kansas-specific basis 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, October 2016 through September 2017, while the related retail revenue was for the 12-month period April 2016 through March 2017.

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, we 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-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 $3.65 million (a KCP&L total company amount). These costs for which the Company is not seeking recovery primarily include director and officer long-term incentive compensation and officer expense report items.

Test Year Adjustments from Prior Rate Case Orders - The Company wrote off the La Cygne Obsolete Inventory Regulatory Asset during the test year per determination made in the 2017 Abbreviated Case. Approximately $456,000 (KS jurisdictional) was added back to the test year to off-set this one-time write-off.

CS-23 REMOVE ECA UNDERCOLLECTION

Q: Please explain adjustments CS-23.

A: This adjustment reversed the amount of under recovery relating to the ECA 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 account 557100, this adjustment is necessary to remove the under-recovered amounts of net ECA 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 update period in this case, KCP&L included test year maintenance expense in its direct case as being the most representative level for ongoing expense. KCP&L will re-evaluate maintenance levels at the update date to determine if any adjustment to the test year 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, KCP&L included test year maintenance expense in its direct case as being the most representative level for ongoing expense. KCP&L will re-evaluate maintenance levels at the update date to determine if any adjustment to the test year should be made at that point.

Q: Were there any other adjustments made to the test year amounts?

A: Yes, adjustments were made to test year generation maintenance expenses related to the Iatan 2 and Common tracker which is a regulatory asset specific to the Company's Missouri jurisdiction. Thus, there are amounts recorded in the test year generation maintenance accounts related to this tracker which must be removed from the test year.

CS-43 WOLF CREEK MAINTENANCE

Q: Please explain adjustment CS-43.

A: This adjustment is for the purpose of including an appropriate level of nuclear maintenance expense in this case. Since the maintenance level has been increasing and is projected to continue to increase, KCP&L included test year maintenance expense in its direct case as being the most representative level for ongoing expense. KCP&L will re-evaluate maintenance levels at the update date to determine if any adjustment to the test year should be made at that point.

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 KCP&L's estimated share of CCN expenses to include in KCP&L's cost of service. Test year expenses for the 12-month period through September 30, 2017 were subtracted from the projected expenses resulting in the adjustment amount.

CS-55 ORGANIZATIONAL REALIGNMENT & VOLUNTARY SEPARATION (ORVS) AMORTIZATION

Q: Please explain adjustment CS-55.

A: This adjustment removed from cost of service the ORVS program expenses amortization which is scheduled to be fully amortized by the end of this proceeding. KCP&L implemented the program during 2011 to enhance organizational efficiency and to assist in the management of overall labor costs. The Company incurred one-time costs of $9,339,196 ($4,219,974 Kansas jurisdictional) for the twelve-months ended on December 31, 2011, related to this program, excluding joint partner shares, which reflects severance and related payroll taxes, and a small portion of career transition services. In accordance with the Partial Settlement Agreement in the 12-764 Docket, this amount was deferred into a regulatory asset account and amortized over a 5-year period commencing in January 2013. The amortization concludes in December 2017.

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 ended December 2014, December 2015, December 2016 and the 9-month period ended September 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, smaller dollar claims are recorded directly to expense. The Company averaged these expenses over the 12-month periods ended December 2014, December 2015 and September 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 3.75 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.

Q: Will adjustment CS-71 be updated?

A: Yes, the Company proposes to update this adjustment at June 30, 2018 as there was a significant claim paid in December of 2017.

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 Kansas customers in cost of service.

Q: Please explain adjustment CS-76.

A: The Company annualized customer deposit interest based on the Commission's authorized interest rate of 1.62% for calendar year 2018.

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

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

CS-77 CREDIT CARD PROGRAM

Q: Please explain adjustment CS-77.

A: KCP&L annualized credit card program expenses based on actual participation levels and costs at September 30, 2017.

Q: What is the status of KCP&L's credit card payment program?

A: KCP&L began offering credit card payment options to its residential customers in 2007, initially with submission and processing through its interactive voice response system. A one-time payment option was added later that year through KCP&L's website. In February 2008, the Company offered a recurring credit card payment option with enrollment through its website. Since that time participation levels have been steadily increasing, with credit/debit card payments representing 20.9% of all payments in KCP&L's territory as of October 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 KCREC are reflected. The Company then annualized these fees by projecting annual fees based on December 2017 actuals, determined by (a) calculating monthly interest, based upon the actual rate in effect at December 31, 2017, applicable to the monthly advance amount of $130 million established in the accounts receivable sales agreement renegotiated in September 2017; (b) calculating the monthly Program Fee based on this monthly advance amount and a Program Fee Rate of 67.5 bps (the applicable level for the accounts receivable securitization in the renegotiated agreement in effect at December 31, 2017); and (c) calculating the monthly Commitment Fee based upon a fee rate of 30.0 bps (again, the applicable level in the renegotiated agreement in effect at December 31, 2017). 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 September 30, 2017.

CS-80 – RATE CASE EXPENSE

Q: Please explain adjustment CS-80.

A: As consistent with prior rate cases, the Company defers rate case expense, as incurred, to a regulatory asset account. This deferred amount will then be amortized over a specified number of years. As the deferred amounts for all prior cases will have been fully amortized by the expected effective date of rates in this case, the amortizations for those cases included in the test year have been removed. The costs for the current case have been estimated based on the consultants and attorneys the Company anticipates will be used in this case and based on the scope of work anticipated. In addition, KCP&L attempted to estimate Staff and CURB billings related to this rate case, although those costs are beyond the control of the Company and difficult to estimate.

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

A: Yes, a full rate case was assumed. However, the estimate only anticipates a level of activity expected in a rate case that does not present uncommon issues or potential intervenor activity not normally confronted in a standard rate case.

Q: Does the Company have any requests of the Commission regarding rate case expense?

A: Yes, KCP&L requests that the Commission authorize the Company to record any rate case costs in excess of those included in determining rates in this rate case, if any, to a regulatory asset, with the disposition of those costs to be determined by the Commission in KCP&L's next general rate case.

CS-85 – REGULATORY ASSESSMENTS

Q: Please explain adjustment CS-85.

A: The Company annualized Kansas regulatory assessments for both Staff and CURB based on test year amounts ending September 30, 2017. Additionally, the FERC assessment was annualized based upon 2018 budget levels.

CS-89 METER REPLACEMENT CONTRACT RATE

Q: Please explain adjustment CS-89.

A: Beginning in 2014, the Company began installing Advanced Metering Infrastructure ("AMI") technology that would replace all of the Company's Automated Meter Reading meters. Adjustment CS-89 computes the incremental increase in the meter reading contract that will be associated with the newly installed AMI meters. The new 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 September 2017 meters read.

CS-90 ADVERTISING

Q: Please explain adjustment CS-90.

A: This adjustment removes from the test year cost of service any expenses associated with event sponsorships and public image advertising.

Q: Provide some examples of advertising costs that are included in the cost of service.

A: Examples of advertising costs which are included in cost of service are general customer informational advertisements that are useful in the provision of adequate service such as bill inserts detailing billing changes, payment options, customer service contact numbers, etc. Also included in cost of service was advertising used to convey information that the Company suggests customers should do in properly utilizing electric service to protect health and safety. These would include things like holiday safety print ads and radio productions.

CS-92 DUES AND DONATIONS

Q: Please explain adjustment CS-92

A: Consistent with Staff's past practice in rate cases and consistent with K.S.A 66-101f(a), the Company eliminated from cost of service 50% of utility dues, and adjusted cost of service to include 50% of total Company donations and contributions to charitable, civic and social organizations and entities.

ADJUSTMENT CS-96 – KS AMORTIZATION OF MERGER TRANSITION COSTS

Q: Please explain adjustment CS-96.

A: This adjustment removes from cost of service the Aquila merger transition costs amortization which is scheduled to be fully amortized by the end of this proceeding. KCP&L was authorized to recover $10 million of transition costs over a five-year period in accordance with the settlement agreement in Docket No. 07-KCPE-1064-ACQ.[1] Amortization of these costs began in December 2010, with the effective date of new rates in Docket 10-KCPE-415-RTS Docket. The unamortized balance of transition costs on

October 1, 2015, the effective date of new rates in the 15-116 Docket, was amortized over 18 months to conclude with the current case.

CS-99 FLOOD REIMBURSEMENT

Q: Please explain adjustment CS-99.

A: In the 15-116 Docket, a regulatory liability was established with amortization over three years to provide for the return of insurance proceeds to customers associated with the 2011 flooding event that impacted the Iatan 2 generation station. The insurance proceeds received were for insurable expenses over deductible amounts associated with the preservation of property and recovery of damaged items. The three-year amortization period began in October 2015, and will end in September 2018, prior to the effective date of new rates in this case. Therefore, the test year amortization has been removed from cost of service in this adjustment.

ADJUSTMENT CS-101 – TALENT ASSESSMENT REGULATORY ASSET AMORTIZATION

Q: Please explain adjustment CS-101.

A: Dockets 06-KCPE-828-RTS and 07-KCPE-905-RTS ("07-905 Docket") established the deferral and amortization over 10 years of the outside consultant costs associated with the 2006 Talent Assessment Program. This adjustment removes from cost of service these amortizations as they are scheduled to be fully amortized by the end of this proceeding.

[1] Docket No. 07-KCPE-1064-ACQ, Great Plains, KCP&L, KCC, CURB, Aquila, Inc., Black Hill Corp. and Black Hill/Kansas Gas Utility Company LLC Joint Motion and Settlement Agreement, filed Feb. 27, 2008, pp. 3-4.

<u>CS-102 EMPLOYMENT AUGMENTATION REGULATORY ASSET</u>

Q: Please explain adjustment CS-102.

A: This adjustment removes from cost of service the Employment Augmentation Program expenses amortization which is scheduled to be fully amortized by the end of this proceeding. The Commission-approved Stipulation and Agreement in the 07-905 Docket specified that KCP&L was authorized to establish a regulatory asset for the Employment Augmentation Program expenses in the amount of $624,301 (Kansas jurisdictional $264,183), which was to be amortized over 10 years commencing in January 2008 with no rate base treatment. The amortization concluded in December 2017.

<u>CS-103 ENERGY EFFICIENCY AMORTIZAITON</u>

Q: Please explain adjustment CS-103.

A: The Company has been deferring energy efficiency and affordability program costs ("Energy Efficiency") as provided for in the Order from the 04-1025 case. In accordance with the 04-1025 S&A, a regulatory asset was established to allow full recovery of those approved costs. Adjustment CS-103 includes the unamortized balance of deferred Energy Efficiency program costs on January 31, 2018, and amortizes the amount over a 5-year period to be included in cost of service in this rate case.

Q: Will this adjustment affect the Energy Efficiency ("EE") Rider filing?

A: No, the Company's annual EE Rider filing is not affected by recovery of the deferred EE program costs in base rates in this case proceeding. The Commission-approved Stipulation and Agreement in the 07-905 Docket provides KCP&L the ability to recover EE program costs through an EE Rider. Since adoption of the EE Rider in 2007, KCP&L has adjusted its EE factor each year accordingly with the exception of the 2015- 2017 filings. The Company requested to set the EE Rider factors to zero and continue to defer its EE program costs in the most recent three filings. The Company will continue to file its EE rider filings for those costs in excess of the amount recovered in base rates resulting from this case.

Q: Are there any other changes to the EE Rider?

A: Yes, see the Direct Testimony of Company witness Tim M. Rush for an explanation of those proposed changes.

<u>CS-107 TRANSOURCE ACCOUNT REVIEW</u>

Q: Please explain adjustment CS-107.

A: As the result of the 15-116 order, KCP&L was required to establish a regulatory liability in the amount of $64,360 Kansas jurisdictional to be amortized over three years. The amortization became effective on October 1, 2015 and will end in September 2018 prior to the expected effective date of new rates in this case. Therefore, the test year amortization expense is removed from cost of service in this adjustment.

<u>CS-110 2011 FLOOD AMORTIZATION</u>

Q: Please explain adjustment CS-110.

A: As part of the Partial Settlement Agreement in the 12-764 Docket, KCP&L agreed to defer non-fuel O&M costs in the amount of $924,928 Kansas jurisdictional as a result of the 2011 Missouri River flooding. These costs are being amortized over 10 years beginning in January 2013. No additional adjustment is necessary as the test year is reflective of the appropriate on-going level of expense.

ADJUSTMENT CS-115 – LEGAL FEE REIMBURSEMENT REGULATORY LIABILITY AMORTIZATION

Q: Please explain adjustment CS-115.

A: The Company received a reimbursement during the fourth quarter of 2010 for legal fees incurred during 2007-2010 on a personal injury claim. In the 12-764 Docket, a three-year amortization was included in cost of service. As part of the Partial Settlement Agreement in the 15-116 Docket, the unamortized balance of the legal fee reimbursement on October 1, 2015, the effective date of new rates in that rate case, was amortized over 18 months to conclude with this current case. This adjustment removes from cost of service the amortization of this regulatory liability.

CS-118 AMORTIZATION OF UNRECOVERED RESERVE – METER REPLACEMENT

Q: Please explain adjustment CS-118.

A: KCP&L upgraded its automated meter reading infrastructure between early 2014 to the end of 2015. The program entailed replacing its AMR meters that were deployed in the mid-1990s with AMI technology. Since not all of the AMR meters that were replaced were fully depreciated at the time of their retirement, KCP&L incurred an unrecovered investment of approximately $11 million on its AMR meters. Adjustment CS-118 reflects the annual amortization expense associated with the unrecovered reserve for AMR meters which is being amortized over ten years as authorized by the Commission in the 15-116 Docket beginning October 1, 2015, the effective date of rates in 15-116 Docket. No additional adjustment is necessary as the test year is reflective of the appropriate on-going level of expense.

ADJUSTMENT CS-130 – MIGRATION REGULATORY ASSET AMORTIZATION

Q: Please explain adjustment CS-130.

A: On October 27, 2015, the Commission issued its Order Granting Joint Motion for Approval of Process to Implement Migration Adjustment, finding it appropriate to defer the revenue difference resulting from customer migration to a regulatory asset and to consider recovery of the regulatory asset in the 2017 Abbreviated Case. In the 2017 Abbreviated Case, KCP&L was authorized to amortize the Migration Regulatory Asset in the amount of $382,251 over three (3) years. The amortization began on July 1, 2017. Adjustment CS-130 includes an annualized level of the 3-year amortization of the lost revenue from actual customer migration since the test year in this case does not reflect an annual amount of the amortization.

ADJUSTMENT CS-131 – LA CYGNE BUDGETED PLANT REGULATORY LIABILITY AMORTIZATION

Q: Please explain adjustment CS-131.

A: As ordered in the 2017 Abbreviated Case, a regulatory liability was established equaling the over collected amounts associated with the budgeted versus actual La Cygne Environmental Project costs from the effective date of rates in the 15-116 Docket to the Update in the 2017 Abbreviated Case. This liability is to be amortized over three years. Adjustment CS-131 is needed since the test year does not include an annual amount of the ordered amortization.

ADJUSTMENT CS-132 – LA CYGNE BUDGETED DEPRECIATION DEFERRAL REGULATORY LIABILITY AMORTIZATION

Q: Please explain adjustment CS-132.

A: As ordered in the 2017 Abbreviated Case, a regulatory liability was established equaling the over collected amounts associated with the return on component and amortization expense component, as well as accrued interest, on a monthly basis, for the difference between the budgeted La Cygne deferred depreciation and the actual La Cygne deferred depreciation. Adjustment CS-132 is needed since the test year does not include an annual amount of ordered amortization.

ADJUSTMENT CS-133 – WOLF CREEK BUDGETED PLANT REGULATORY LIABILITY AMORTIZATION

Q: Please explain adjustment CS-133.

A: As ordered in the 2017 Abbreviated Case, a regulatory liability was established equaling the over collected amounts associated with the return on component and depreciation expense component, as well as accrued interest, on a monthly basis, for the difference between the budged Wolf Creek Projects costs and the actual Wolf Creek Projects costs. Adjustment CS-133 is needed since the test year does not include an annual amount of ordered amortization.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Kansas City Power & Light Company to Make Certain Changes in Its Charge for Electric Service	))))	**Docket No. 18-KCPE-____-RTS**

AFFIDAVIT OF LINDA J. NUNN

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Linda J. Nunn, being first duly sworn on his 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 Kansas City Power & Light Company consisting of twenty-three (23) 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 1st day of May 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