

PUBLIC VERSION

“** [REDACTED] **” *Designates Confidential Information.
Certain Schedules Attached to this Testimony Designated
“Confidential” Also Contain Confidential Information.
All Such Information Should Be Treated Confidentially.*

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

SUPPLEMENTAL DIRECT TESTIMONY OF

JAMES M. FLUCKE

**ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
FOR APPROVAL OF ITS 2017 ACTUAL COST ADJUSTMENT (“ACA”)**

DOCKET NO. 18-KCPE-372-ACA

1 **Q: Please state your name and business address.**

2 A: My name is James M. Flucke. My business address is 1200 Main, Kansas City, Missouri
3 64105-2122.

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

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) as
6 Manager, Analytics.

7 **Q: What are your responsibilities?**

8 A: My primary responsibilities are to supervise the analysts that provide energy market risk
9 management and develop the Company’s Energy Cost Adjustment (“ECA”) projections.

1 **Q: Why are you filing supplemental direct testimony?**

2 A: I am responsible for addressing the four topics listed below, but in regards to item 4
3 below, was unable to provide the analysis performed and provided in last year's ACA
4 filing by the filing deadline of March 1, 2018.

5 1. A summary of the information provided in KCP&L's quarterly ECA submittals
6 made on December 20, 2016, March 20, 2017, June 20, 2017, and September 20,
7 2017, in Docket No. 08-KCPE-677-CPL, KCP&L's ECA tariff compliance
8 docket;

9 2. A comparison of KCP&L's projected 2017 ECA to its actual 2017 ECA;

10 3. KCP&L's fuel procurement planning and practices: and

11 4. A summary of the cost effects on one part of the Southwest Power Pool ("SPP")
12 Integrated Market ("IM"), namely the impact on consumer power prices due to
13 the combined balancing authority of the IM.

14 **Q: Was this delay communicated earlier ?**

15 A: Yes. As mentioned in my direct testimony filed on March 1, 2018, KCP&L agreed to
16 supplement its Application with the results of the analysis that will provide an estimate of
17 the benefit for KCP&L's customers on or before May 1, 2018. Based on discussions held
18 with KCC Staff, Staff did not oppose KCP&L supplementing its Application with this
19 information at a later date.

20 **Q: What is the purpose of this portion of your testimony?**

21 A: In this section of my testimony, in compliance with the Staff's Report and
22 Recommendation filed January 31, 2017 in Docket No. 16-KCPE-388-ACA, I will
23 provide a brief summary of KCP&L's proposed analysis of the benefit of the SPP IM

1 Consolidated Balancing Authority (“CBA”) for KCP&L customers.

2 **Q: Please describe the CBA.**

3 A: Prior to the SPP IM, each market participant provided a daily schedule of its own load
4 and generation. Therefore, each schedule primarily matched local load to local
5 generation. This could lead to some lower priced generation being passed over on certain
6 hours due to lack of local demand, while at the same time a different market participant’s
7 demand might have to be served by slightly higher priced generation local to its service
8 territory. The CBA takes the responsibility of each market participant to balance load
9 and gives it to the SPP for the entire market. In this way, lower cost generation is
10 matched to demand more reliably. The net effect of the CBA reduces total system costs
11 of all market participants.

12 **Q: Is the value derived from the CBA the only benefit from participation in the SPP**
13 **IM.**

14 A: A full cost-benefit analysis is beyond the scope of the Company resources to produce. In
15 response to a KCC Staff data request in 2015, discussions were held to devise a method
16 that attempts to capture a sense of the benefit the SPP IM has provided.

17 **Q: Describe the proposed analysis.**

18 A: What was proposed to meet Staff’s data request was to focus on the single market benefit
19 associated with the CBA in the SPP IM structure. This study will not be able to quantify
20 many other benefits of the SPP IM such as increased transmission construction, improved
21 settlements, wind generation improvements, etc. However, this study will look at the
22 resulting Locational Marginal Pricing (“LMP”) for KCP&L native load improvement as a
23 proxy for the cost/benefit to serve native load by transitioning to SPP IM.

1 **Q: Describe how the analysis was conducted.**

2 A: The analysis attempts to compare and quantify the before and after effect of the SPP IM.
3 KCP&L performed two PROMOD based simulations for calendar year 2017:

4 Simulation 1: Assumes the SPP IM market with CBA for all of SPP for the entire
5 year (the “after” effect).

6 Simulation 2: Assumes the SPP Energy Imbalance Service (“EIS”), the market in
7 SPP prior to the SPP IM, for the full year assuming individual balancing authority by
8 control area (the “before” effect).

9 To calculate the benefit, the KCP&L LMP in each simulation was compared and
10 the change in the cost to serve native load for KCP&L was valued. The native load used
11 in this calculation is for both Missouri and Kansas customers.

12 The final results estimate a benefit of *\$ [REDACTED] ** for KCP&L’s customers
13 as shown in the attached Schedule JMF-2.

14 **Q: Does that conclude your testimony?**

15 A: Yes, it does.

**BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

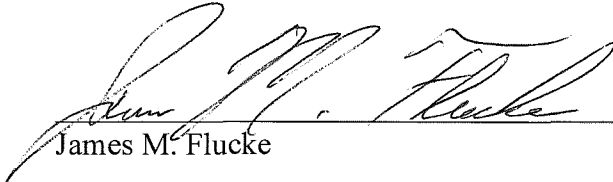
In the Matter of the Application of Kansas)
City Power & Light Company for approval of)
2017 Actual Cost Adjustment ("ACA")) **Docket No. 18-KCPE-372-ACA**
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AFFIDAVIT OF JAMES M. FLUCKE

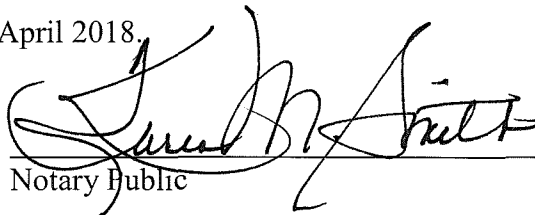
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

James M. Flucke, being first duly sworn on his oath, states:

1. My name is James M. Flucke. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Manager, Analytics.
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 four (4) 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.

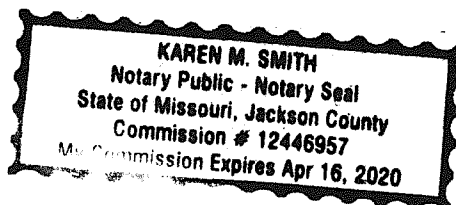

James M. Flucke

Subscribed and sworn before me this 15th day of April 2018.


Notary Public

My commission expires

April 16, 2020



SCHEDULE JMF-2

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