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DIRECT TESTIMONY OF
LINDA J. NUNN
KANSAS CITY POWER & LIGHT COMPANY
DOCKET NO. 17-KCPE-___-RTS

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**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. 17-KCPE-____-RTS

1 **I. INTRODUCTION**

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

3 A: My name is Linda J. Nunn. My business address is 1200 Main Street, Kansas City,
4 Missouri 64105.

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

6 A: I am employed by Kansas City Power & Light Company (“KCP&L” or the “Company”)
7 as Supervisor – Regulatory Affairs.

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

9 A: My general responsibilities include the preparation of rate cases and rate case support for
10 both KCP&L Kansas and Missouri and KCP&L Greater Missouri Operations Company.

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

12 A: The purpose of my testimony is to: (i) describe the revenue requirement model and
13 schedules that are used to support the rate decrease filed in this abbreviated proceeding

1 (Schedules LJV-1 through LJV-3 attached to this testimony); and (ii) support the limited
2 accounting adjustments authorized for this abbreviated case listed on the summary of
3 adjustments (Schedules LJV-2 and LJV-4 attached to this testimony). These adjustments
4 support the True-up of expenditures associated with the environmental equipment
5 installation at the La Cygne Generating Facility (the “La Cygne Environmental Project”
6 or “La Cygne Project”), True-up of the expenditures associated with the Wolf Creek
7 capital additions (the “Wolf Creek Projects”) and Wolf Creek refueling outage costs as
8 well as the termination of regulatory asset/liability amortizations discussed in KCP&L’s
9 last rate case, Docket No. 15-KCPE-116-RTS (the “15-116 Docket”).

10 **Q: What is the result of the revenue requirement model for this case?**

11 A: The revenue requirement model supports a rate decrease of \$2,829,191.

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

14 A: I received a Bachelors of Science Degree in Business Administration with a
15 concentration in Accounting from Northwest Missouri State University in Maryville,
16 Missouri. I became a Senior Regulatory Analyst with KCP&L in 2008, as a part of the
17 acquisition of Aquila, Inc., by Great Plains Energy. In 2013, I was promoted to
18 Supervisor - Regulatory Affairs. Prior to my employment with KCP&L, I was employed
19 by Aquila, Inc. for a total of eleven years. In addition to Regulatory, I have had
20 experience in Accounting, Audit, and Business Services, where I had responsibility for
21 guiding restructuring within the delivery division. In addition to my utility experience I
22 was the business manager and controller for two area churches. Prior to that, I was an
23 external auditor with Ernst & Whinney.

1 **Q: Have you previously testified in a proceeding before the Kansas Corporation**
2 **Commission (“Commission” or “KCC”) or before any other utility regulatory**
3 **agency?**

4 A: No, however, I have provided input, analysis and supervision for the development and
5 support of the revenue requirements for a number of KCP&L Kansas rate cases. I have
6 also provided written testimony in various filings before the Missouri Public Service
7 Commission relating to the Company’s Fuel Adjustment Clauses.

8 **II. REVENUE REQUIREMENT MODEL AND SCHEDULES**

9 **Q: What is the purpose of Schedules LJM-1 through LJM-3?**

10 A: These schedules represent the key outputs of the Company’s revenue requirement model.
11 Schedule LJM-1 shows the revenue requirement calculation. Schedule LJM-2 lists the
12 rate base components and identifies which of these components are being adjusted in this
13 abbreviated rate case. Schedule LJM-3 is the adjusted income statement.

14 **Q: What is the purpose of Schedule LJM-4?**

15 A: Schedule LJM-4 is a summary of the cost of service adjustments.

16 **Q: Were the schedules prepared either by you or under your direction?**

17 A: Yes, they were.

18 **Q: What are the adjustments the Company is requesting the Commission consider in**
19 **this case?**

20 A: As discussed in the Direct Testimony of KCP&L witness Mr. Darrin R. Ives, this docket
21 is an abbreviated rate case and KCP&L’s request is limited to those items approved by
22 the Commission in the 15-116 Docket for consideration in this abbreviated rate case.

1 **Q: Please explain.**

2 A: Section I, paragraphs 20-22 in the *Order Approving the Joint Application*, Docket No.
3 15-GIME-025-MIS, dated September 9, 2014, allowed for an abbreviated rate proceeding
4 relating to the Company's La Cygne Environmental Project, Wolf Creek Capital Projects
5 and Refueling Outage and other regulatory asset and liability amortizations. Section I of
6 Attachment A to the Commission's *Order on KCP&L's Application for Rate Change*
7 ("15-116 Order") in the 15-116 Docket reiterated the inclusion of these issues in the
8 abbreviated case and added several more issues.

9 **Q: What specific guidelines were given in the 15-116 Docket?**

10 A: The Order in the 15-116 Docket provided:

11 In Docket No. 15-GIME-025-MIS, the Commission approved KCP&L's
12 filing of an abbreviated rate proceeding in accordance with K.A.R. 82-1-
13 231(b)(3). The Signatory Parties hereby request the Commission waive the
14 twelve-month period for filing such abbreviated rate case under the
15 regulation, and allow KCP&L to file such abbreviated rate case no later
16 than 14 months after the Commission's order in this instant docket. Items
17 for consideration in such an abbreviated proceeding include:

- 18 ■ True-up La Cygne Environmental Project costs to actual with all
19 affected components of KCP&L's revenue requirement, including
20 deferred taxes, trued-up consistently. Allowance for Funds Used
21 During Construction (AFUDC) amounts recorded on the Project will
22 also be trued-up;
- 23 ■ True-up La Cygne deferred depreciation total amortization amount,
24 including deferred taxes, as well as annual amortization amount;
- 25 ■ True-up to Wolf Creek capital additions costs to actual with all
26 affected components of KCP&L's revenue requirement, including
27 deferred taxes, trued-up consistently. AFUDC amounts recorded on
28 the Wolf Creek Additions will also be trued-up;
- 29 ■ Update the amortization of Wolf Creek refueling outage costs included
30 in base rates to refueling outage 20 actual expenditures; and
- 31 ■ Termination of the following regulatory asset items:
32 ○ Removal of amortization of pre-existing FAS 87 regulatory asset;

- 1 ○ Removal of amortization of the regulatory assets associated with
- 2 rate case expense for all rate cases prior to this 15-116 Docket;
- 3 ○ Removal of amortization of the regulatory asset associated with the
- 4 Kansas Merger Transition Costs;
- 5 ○ Removal of the amortization of the regulatory asset associated with
- 6 the talent assessment expenses; and
- 7 ○ Removal of amortization of the regulatory liability of a legal fee
- 8 reimbursement.

- 9 ▪ Electric Vehicle Charging Station costs and tariff to be included in
- 10 abbreviated rate case pursuant to Section N below.

11 The Parties agree that the revenue requirement increase/decrease resulting
12 from the abbreviated rate case shall be applied to rates within the classes
13 on an equal percentage basis, maintaining the rate and class relationships
14 ultimately approved by the Commission in this 15-116 Docket except as
15 otherwise noted in the separate Rate Design Settlement Agreement, filed
16 in this case.¹

17 **Q: How does the abbreviated and limited nature of this rate case impact the process**
18 **used to determine the requested rate increase?**

19 A: Instead of using an historical test year, the Company has set as its base a revenue
20 requirement model that ties to the accounting schedules that support the increase
21 authorized in the 15-116 Docket on a total Company basis. The Company has frozen the
22 capital structure, certain rate base components and jurisdictional allocations within the
23 model. From there, a limited number of adjustments were made as will be described
24 below. Only the adjustments associated with those items identified in the 15-116 Docket
25 discussed above were included.

26 **Q: Please describe the rest of the ratemaking process.**

27 A: KCP&L then allocated the adjusted balances to arrive at operating revenues, operating
28 expenses, and rate base applicable to the Kansas jurisdiction based upon the allocation
29 percentages approved in the 15-116 Docket. Operating expenses were subtracted from

1 operating revenues to arrive at operating income. The net adjusted cost of rate base was
2 then multiplied times the rate of return authorized in the 15-116 Docket to determine the
3 net operating income requirement. This was compared with the net operating income
4 available to determine the additional net operating income before income taxes that
5 would be needed to achieve the authorized rate of return. An additional reduction for
6 current income taxes was made based upon the projected revenue requirement excess
7 which provides for the overall rate decrease as indicated above.

8 **Q: What action was taken relating to the Electric Vehicle Charging Station costs and**
9 **tariff?**

10 A: As indicated in the Direct Testimony of Mr. Darrin R. Ives in this case, no action related
11 to this issue is currently needed.

12 **III. ACCOUNTING ADJUSTMENTS**

13 **Q: What adjustments does the Company propose for this case?**

14 A: Based upon the 15-116 Docket referenced above, the Company has made the following
15 adjustments to the revenue requirement model:

16	RB-20	Plant in Service
17	RB-27	La Cgyne Reg Asset – Depreciation Deferral
18	RB-30	Accumulated Depreciation Reserve
19	RB-125	Accumulated Deferred Income Taxes
20	R-20	Rate Migration Revenue
21	CS-36	Wolf Creek Refueling Outage
22	CS-65	Pension Expense

¹ 15-116 Order, Attachment A, pp. 7-9.

1	CS-80	Rate Case Expense-Amortization of Reg Asset
2	CS-96	KS Amortization of Merger Transition Costs
3	CS-101	Talent Assessment Reg Asset Amortization
4	CS-113	La Cygne Reg Asset – Depr Deferral Amortization
5	CS-114	La Cygne Obsolete Inventory Amortization
6	CS-115	Legal Fee Reimbursement Reg Liability Amortization
7	CS-120	Depreciation Expense
8	CS-121	Amortization Expense
9	CS-125	Income Taxes
10	CS-130	Migration Reg Asset Amortization
11	CS-131	La Cygne BUD Plant Reg Liability Amortization
12	CS-132	La Cygne BUD Depr Deferral Reg Liability Amortization
13	CS-133	Wolf Creek BUD Plant Reg Liability Amortization

14 **ADJUSTMENT RB-20 – PLANT IN SERVICE**

15 **Q: Please explain adjustment RB-20.**

16 A: KCP&L rolled forward the Commission-approved Kansas-basis plant balances in the
17 15-116 Docket relating to the La Cygne Environmental Project and the Wolf Creek
18 Projects to February 28, 2017, by using the Company’s actual La Cygne Project and Wolf
19 Creek Projects plant additions through August 31, 2016 as well as Company projections
20 for plant additions for September 2016 through February 2017. There was no change to
21 the forecasted amount used in the 15-116 Docket of \$1.155 billion total project related to
22 the La Cygne Project plant in-service or total company KCP&L share of La Cygne
23 Project of \$577.5 million.

1 **Q: Will the projections used be updated for actual expenditures?**

2 A: Yes. Historically, the Company has projected various cost of capital, rate base and net
3 operating income components out to a date when the KCC Staff (“Staff”) would be
4 performing their audit work in preparation for their filings. We have continued with the
5 established practice of anticipating a cut-off date. Based on the filing date of this rate
6 case, use of the February 28, 2017 cut-off date for inclusion of actual costs is consistent
7 with cut-off dates used in recent KCP&L and Westar rate cases.²

8 **Q: Please identify the impact of adjustment RB-20.**

9 A: Adjustment RB-20 decrease to plant in-service can be found on Schedule LJM-2.

10 **RB-27/CS-113 – LA CYGNE REGULATORY ASSET – DEPRECIATION DEFERRAL**
11 **& AMORTIZATION**

12 **Q: Please explain adjustment RB-27.**

13 A: This adjustment is the result of the 15-025 Order which approved the jointly filed
14 application of KCP&L, Westar Energy, Inc. and Kansas Gas and Electric Company,
15 Staff and CURB. The Order Approving Joint Application stated the following:

16 Under the second component of Budget Treatment, KCP&L
17 would defer to regulatory asset Account 182.3 all depreciation expense
18 that is recorded on actual capital plant additions associated with Project
19 expenditures through March 31, 2015, the anticipated update date for the
20 upcoming general rate case. The deferral period would be from the date
21 a specific addition of the Project is placed in-service, at the
22 conclusion of each of the 2015 environmental equipment tie-in outages for
23 La Cygne Unit 2, La Cygne Common, and La Cygne Unit 1, respectively,
24 to the effective date of rates for the 2015 rate case.

25 The Joint Applicants request permitting KCP&L to include the deferred
26 costs in Account 182.3, including those costs expected to be
27 accumulated in Account 182.3 up to the effective date of rates in the
28 upcoming general rate case, in rate base in KCP&L’s upcoming general

² See Docket No. 12-KCPE-764-RTS; and Docket No. 13-WSEE-629-RTS.

1 rate case and amortize those deferred costs over the life of the La Cygne
2 plant.³

3 KCP&L rolled forward the Commission-approved Kansas Regulatory Asset and
4 associated amortization related to the La Cygne Depreciation Deferral to February 28,
5 2017, by using the Company's actual La Cygne Depreciation Deferral Regulatory Asset
6 balance at August 31, 2016 and adjusted for the amortization that will occur from
7 September 2016 through February 2017.

8 **Q: Please explain adjustment CS-113.**

9 A: Adjustment CS-113 is the annual amortization amount that is calculated using the
10 regulatory asset deferrals that were accumulated in adjustment RB-27 explained
11 above. This regulatory asset is being amortized over the remaining useful life of the
12 La Cygne generating station, as approved in the 15-116 Docket, of 25 years.

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

14 A: No, it is not necessary to update these adjustments as the Deferred Depreciation
15 Regulatory Asset balance at February 28, 2017 as well as the annual amortization amount
16 is known and included in the Direct Filing.

17 **Q: Please identify the impact of adjustment RB-27 and CS-113.**

18 A: Adjustment RB-27 decrease to rate base can be found on Schedule LJM-2. Adjustment
19 CS-113 decrease to cost of service can be found on Schedule LJM-4.

³ 15-025 Order, pp. 7-8, ¶¶ 18-19.

1 **ADJUSTMENT RB-30 – RESERVE FOR DEPRECIATION**

2 **Q: Please explain adjustment RB-30.**

3 A: As described below, KCP&L rolled forward the Commission-approved Kansas-basis
4 reserve for depreciation balances in the 15-116 Docket relating to the La Cygne
5 Environmental Project and the Wolf Creek Projects to February 28, 2017, by using the
6 Company’s actual La Cygne Environmental Project’s and Wolf Creek Projects’
7 Depreciation Reserve through August 31, 2016 as well as Company projections for
8 depreciation provision for September 2016 through February 2017.

9 **Q: How was this roll-forward accomplished?**

10 A: The depreciation provision component was calculated in two steps: (i) first, an estimate
11 of depreciation expenses through August 31, 2016 attributable to actual La Cygne
12 Environmental Project plant and separately the Wolf Creek Projects plant was calculated.
13 The estimated provision for actual plant in-service was based on the in-service date and
14 when charges were unitized to plant; and (ii) second, an estimate of depreciation expense
15 through February 28, 2017 was calculated attributable to plant in-service at August 31,
16 2016 for the La Cygne and Wolf Creek Projects noted above.

17 **Q: Please identify the impact of adjustment RB-30.**

18 A: Adjustment RB-30 increase to reserve for depreciation can be found on Schedule LJM-2.

19 **ADJUSTMENT RB-125 – ACCUMULATED DEFERRED INCOME TAXES**

20 **Q: Please explain adjustment RB-125.**

21 A: Deferred income taxes represent the tax on timing differences for deductions and income
22 reported on KCP&L’s income tax returns compared to what is reported for book
23 purposes. Accumulated Deferred Income Taxes (“ADIT”) represent the accumulated

1 balance of those income tax timing differences at a point in time. KCP&L used the
2 ADIT balance approved in the 15-116 Docket as its beginning balance. Adjustment
3 RB-125 adjusts this amount for the impact of the True-up of the La Cygne Environmental
4 Project plant balances, True-up of the La Cygne deferred depreciation, True-up of the
5 Wolf Creek Projects plant balances and for the includable timing differences associated
6 with the regulatory assets and liability being removed in this case.

7 **Q: Why would the change in plant balance included in rate base impact the ADIT**
8 **balance?**

9 A: ADIT liabilities such as accelerated depreciation are considered a cost-free source of
10 financing for ratemaking purposes. Ratepayers should not be required to provide for a
11 return on plant in-service that has been funded by the government in the form of reduced
12 (albeit temporarily) taxes. As a result, ADIT liabilities are reflected as a rate base offset
13 (reduction in rate base). Thus the decrease in plant in-service included in this case would
14 cause a decrease in the ADIT offset to rate base (increase to rate base).

15 **Q: How are the ADIT balances impacted by the removal of Regulatory Assets and**
16 **Liabilities?**

17 A: ADIT balances associated with Regulatory Assets such as Rate Case Expense, (Aquila)
18 Merger Transition Costs, Talent Assessment and La Cygne Depreciation Deferral are
19 reflected as an increase to ADIT and those associated with Regulatory Liabilities such as
20 the Legal Fee Reimbursement are reflected as a decrease to ADIT. However, in the
21 Abbreviated Case, we are removing the Regulatory Assets and Liability referred to
22 above. The removal of a Regulatory Asset will result in a decrease to ADIT (increase in

1 rate base) and the removal of a Regulatory Liability will result in an increase to ADIT
2 (decrease in rate base).

3 **Q: Please identify the impact of adjustment RB-125.**

4 A: Adjustment RB-125 decrease to accumulated deferred income taxes (increase to rate
5 base) can be found on Schedule LJM-2.

6 **R-20 RATE MIGRATION REVENUE**

7 **Q: Please explain adjustment R-20.**

8 This adjustment annualizes the on-going impacts for rate migration. Rate Migration
9 Adjustment R-20 is discussed in the Direct Testimony of Company witness Ms. Marisol
10 E. Miller.

11 **Q: Please identify the impact of adjustment R-20.**

12 A: Adjustment R-20 decrease to revenue can be found on Schedule LJM-4.

13 **CS-36 WOLF CREEK REFUELING OUTAGE**

14 **Q: Please explain adjustment CS-36.**

15 A: This adjustment addresses the Wolf Creek refueling outage annualization. The Wolf
16 Creek nuclear generating station refueling cycle was required to be updated to the Wolf
17 Creek Refueling Outage number 20 annual costs in this abbreviated case. The Company
18 defers the operations and maintenance (“O&M”) outage costs and amortizes the costs
19 over the time-frame associated with the outage ranging between each refueling outage.
20 This adjustment annualizes the Wolf Creek refueling expense based on amounts recorded
21 for Wolf Creek Refueling Outage number 20 costs.

1 **Q: Why is a refueling annualization adjustment necessary in this case?**

2 A: The annualized amount that was included in the 15-116 Docket was based on Refueling
3 Outage number 19. Annualized expense that is included in this case should reflect the
4 level of amortization expense associated with Refueling Outage number 20, identified in
5 Attachment A to the 15-116 Order. As such, annual costs associated with Refueling
6 Outage number 20 were used to determine the monthly amortization expense.

7 **Q: Please identify the impact of adjustment CS-36.**

8 A: Adjustment CS-36 decrease to refueling outage amortization can be found on Schedule
9 LJN-4.

10 **ADJUSTMENT CS-65 – PENSIONS**

11 **Q: Please explain the adjustment related to pensions.**

12 A: The unamortized balance established in the 15-116 docket of the pre-existing Financial
13 Accounting Standards (“FAS”) 87 pension-related regulatory asset was amortized over
14 18 months to conclude with the filing of the current case. Given that the pension pre-
15 existing FAS 87 regulatory asset will be fully amortized by the end of this proceeding,
16 Adjustment CS-65 removes the amortization amount from cost of service.

17 **Q: Please identify the impact of adjustment CS-65.**

18 A: Adjustment CS-65 impact can be found on Schedule LJN-4.

19 **ADJUSTMENT CS-80 – RATE CASE EXPENSE-AMORTIZATION OF REG ASSET**

20 **Q: Please explain the adjustment related to rate case expense.**

21 A: This adjustment removes from cost of service the rate case expense amortizations
22 received for cases prior to the 15-116 Docket, which are scheduled to be fully amortized
23 by the end of this proceeding. As for the amortization level associated with the approved

1 rate case expense for the 15-116 Docket, no adjustment has been made as the
2 amortization period is set to end at approximately the same time as the expected effective
3 date of new rates in the next general rate case.

4 **Q: Please identify the impact of adjustment CS-80.**

5 A: Adjustment CS-80 impact can be found on Schedule LNJ-4.

6 **ADJUSTMENT CS-96 – KS AMORTIZATION OF MERGER TRANSITION COSTS**

7 **Q: Please explain adjustment CS-96.**

8 A: This adjustment removes from cost of service the (Aquila) merger transition costs
9 amortization which is scheduled to be fully amortized by the end of this proceeding.
10 KCP&L was authorized to recover \$10 million of transition costs over a five-year period
11 in accordance with the settlement agreement in Docket No. 07-KCPE-1064-ACQ.⁴
12 Amortization of these costs began in December 2010 with the effective date of new rates
13 in the 10-415 Docket. The unamortized balance of transition costs at October 1, 2015,
14 the effective date of new rates in the 15-116 Docket, was amortized over 18 months to
15 conclude with this case.

16 **Q: Please identify the impact of adjustment CS-96.**

17 A: Adjustment CS-96 impact can be found on Schedule LNJ-4.

18 **ADJUSTMENT CS-101 – TALENT ASSESSMENT REG ASSET AMORTIZATION**

19 **Q: Please explain adjustment CS-101.**

20 A: This adjustment removes from cost of service the 2006 talent assessment amortization
21 which is scheduled to be fully amortized by the end of this proceeding. The

⁴ 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.

1 Commission-approved Stipulation and Agreement in Docket No. 06-KCPE-828-RTS
2 specified that outside consultant costs associated with the 2006 talent assessment
3 program should be deferred to a regulatory asset account, with no rate base treatment, and
4 amortized over ten (10) years beginning January 1, 2007.⁵ The unamortized balance of
5 the 2006 talent assessment program costs at October 1, 2015, the effective date of new
6 rates in the 15-116 Docket, was amortized over 18 months to conclude with this case.

7 **Q: Please identify the impact of adjustment CS-101**

8 A: Adjustment CS-101 impact can be found on Schedule LJM-4.

9 **ADJUSTMENT CS-114 – LA CYGNE OBSOLETE INVENTORY AMORTIZATION**

10 **Q: Please explain adjustment CS-114.**

11 A: As a result of the La Cygne Environmental Project equipment upgrades that went into
12 service during 2015, there were spare parts associated with equipment being abandoned
13 in place or removed from service that have no further use to the Company. Items deemed
14 no longer useful prior to the units returning to service were considered obsolete by the
15 Company since the parts cannot serve as spares for the new equipment or systems that
16 were installed. As such, adjustment CS-114 amortizes the Kansas portion of the book
17 cost of the equipment that became obsolete over five (5) years. The annual amount of
18 amortization expense is included in cost of service in this rate case filing.

19 **Q: Please identify the impact of adjustment CS-114.**

20 A: Adjustment CS-114 impact can be found on Schedule LJM-4.

⁵ Docket No. 06-KCPE-828-RTS, Joint Motion to Approve Stipulation and Agreement, filed Sep. 29, 2006, pp. 6-7.

1 ADJUSTMENT CS-115 – LEGAL FEE REIMBURSEMENT REG LIABILITY
2 AMORTIZATION

3 **Q: Please explain adjustment CS-115.**

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

10 **Q: Please identify the impact of adjustment CS-115.**

11 A: Adjustment CS-115 impact can be found on Schedule LJN-4.

12 ADJUSTMENT CS-120 – DEPRECIATION

13 **Q: Please explain adjustment CS-120.**

14 A: KCP&L annualized depreciation expense by applying the jurisdictional depreciation rates
15 used in the 15-116 Docket to adjusted plant in-service balances associated with the
16 La Cygne Environmental Project and the Wolf Creek Projects projected plant in-service
17 true-up balances as of February 28, 2017.

18 **Q: Please identify the impact of adjustment CS-120.**

19 A: Adjustment CS-120 impact can be found on Schedule LJN-4.

20 ADJUSTMENT CS-121 – AMORTIZATION

21 **Q: Please explain adjustment CS-121.**

22 A: This adjustment updates the authorized annualized plant amortization expense in the
23 15-116 Docket for the true-up of the La Cygne Environmental Project plant in-service for
24 actuals through August 31, 2017. This adjustment will be updated for actuals at the

1 Update date for any additional plant unitizations to an amortization plant account as it
2 relates to the La Cygne Environmental Project true-up.

3 **Q: Please identify the impact of adjustment CS-121.**

4 A: Adjustment CS-121 impact can be found on Schedule LJM-4.

5 **ADJUSTMENT CS-125 – INCOME TAXES**

6 **Q: Please explain adjustment CS-125.**

7 A: For purposes of this abbreviated case, only the income tax components directly related to
8 the adjustments identified in the 15-116 Order, Attachment A, discussed above will be
9 taken into consideration for the income tax calculation. The Company will update the
10 straight-line tax depreciation computation at the Update date for changes in the straight-
11 line book basis to tax basis ratio for any La Cygne Environmental Project and Wolf
12 Creek Projects plant in-service true-up.

13 **Q: Please identify the impact of adjustment CS-125.**

14 A: Adjustment CS-125 impact can be found on Schedule LJM-4.

15 **ADJUSTMENT CS-130 – MIGRATION REG ASSET AMORTIZATION**

16 **Q: Please explain adjustment CS-130.**

17 On October 27, 2015, the Commission issued its Order Granting Joint Motion for
18 Approval of Process to Implement Migration Adjustment, finding it appropriate to defer
19 the revenue difference resulting from customer migration to a regulatory asset and to
20 consider recovery of the regulatory asset in the abbreviated rate case. This adjustment
21 amortizes the Migration Regulatory Asset over three (3) years. The Migration
22 Regulatory Asset represents the lost revenue from customer migration from the effective
23 day of new rates in the 15-116 Docket through the projected Update date in this case. In

1 accordance with the approved process, as time permits within the procedural schedule
2 established in this case, this adjustment will be trued-up through the month end prior to
3 the pre-hearing conference, if possible.

4 **Q: Please identify the impact of adjustment CS-130.**

5 A: Adjustment CS-130 impact can be found on Schedule LJM-4.

6 **ADJUSTMENT CS-131 – LA CYGNE BUD PLANT REG LIABILITY AMORTIZATION**

7 **Q: Please explain adjustment CS-131.**

8 A: Per the specific guidelines noted in the 15-116 Docket above, the La Cygne
9 Environmental Project costs with all affected components of KCP&L's revenue
10 requirement will be Trued-Up to actual amounts. This adjustment amortizes the
11 projected regulatory liability over three (3) years for the over-under collected amounts
12 associated with the budgeted versus actual La Cygne Environmental Project costs from
13 the effective date of new rates in the 15-116 Docket to the Update date in this case. The
14 regulatory liability is made up of the return on component and depreciation expense
15 component of the La Cygne Environmental Project investment, as well as accrued
16 interest. On a monthly basis the difference between the budgeted La Cygne
17 Environmental Project costs versus actual La Cygne Environmental Project costs has
18 been accumulated into a regulatory liability account. This adjustment returns these
19 amounts to customers.

20 **Q: Please identify the impact of adjustment CS-131.**

21 A: Adjustment CS-131 impact can be found on Schedule LJM-4.

1 **ADJUSTMENT CS-132 – LA CYGNE BUD DEPRECIATION DEFERRAL**
2 **REG LIABILITY AMORTIZATION**

3 **Q: Please explain adjustment CS-132.**

4 A: Per the specific guidelines noted in the 15-116 Docket above, the La Cygne deferred
5 depreciation amortization amount will be Trued-Up to actuals. This adjustment
6 amortizes the projected regulatory liability over three (3) years for the over-under
7 collected amounts from the effective date of new rates in the 15-116 Docket to the
8 Update date in this case for the return on component and amortization expense
9 component, as well as accrued interest, on a monthly basis for the difference between the
10 Budgeted La Cygne deferred depreciation versus Actual La Cygne deferred depreciation.

11 **Q: Please identify the impact of adjustment CS-132.**

12 A: Adjustment CS-132 impact can be found on Schedule LJN-4.

13 **ADJUSTMENT CS-133 – WOLF CREEK BUD PLANT REG LIABILITY**
14 **AMORTIZATION**

15 **Q: Please explain adjustment CS-133.**

16 A: Per the specific guidelines noted in the 15-116 Docket above, the Wolf Creek Projects
17 costs with all affected components of KCP&L’s revenue requirement will be Trued-Up to
18 actual amounts. This adjustment amortizes the projected regulatory liability over three
19 (3) years for the over- or under-collected amounts from the effective date of new rates in
20 the 15-116 Docket to the Update date in this case for the return on component and
21 depreciation expense component, as well as accrued interest, on a monthly basis for the
22 difference between the Budgeted Wolf Creek Projects Costs versus Actual Wolf Creek
23 Projects Costs.

- 1 **Q: Please identify the impact of adjustment CS-133.**
- 2 A: Adjustment CS-133 impact can be found on Schedule LJM-4.
- 3 **Q: Does that conclude your testimony?**
- 4 A: Yes, it does.

BEFORE THE STATE 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) Docket No. 17-KCPE-____-RTS
Service)

AFFIDAVIT OF LINDA J. NUNN

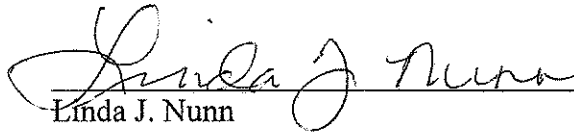
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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

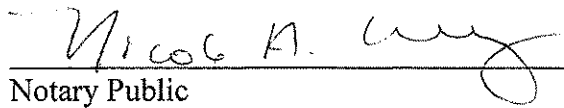
1. My name is Linda J. Nunn. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Supervisor, Regulatory Affairs.

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 (20) 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

Subscribed and sworn before me this 9th day of November, 2016.


Notary Public

My commission expires: Feb. 4, 2019

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

Kansas City Power & Light Company
2016 KS Abbreviated RATE CASE - Direct Filing
Update 2/28/17
2015 Order Updated for Attachment A to Docket 15-KCPE-116-RTS

Revenue Requirement

Line No.	Description	7.438% Return
	A	B
1	Net Orig Cost of Rate Base (Sch 2)	\$ 2,104,628,095
2	Rate of Return	<u>7.438%</u>
3	Net Operating Income Requirement	\$ 156,548,552
4	Net Income Available (Sch 9)	<u>158,258,797</u>
5	Additional NOIBT Needed	(1,710,246)
6	Additional Current Tax Required	(1,118,945)
7	Gross Revenue Requirement	<u><u>\$ (2,829,191)</u></u>

Kansas City Power & Light Company
2016 KS Abbreviated RATE CASE - Direct Filing
Update 2/28/17
2015 Order Updated for Attachment A to Docket 15-KCPE-116-RTS

Rate Base

Line No.	Description	Electric Retail	Witness	Adj No./REF
		Juris Rate Base		
	A	B	C	D
1	Total Plant :			
2	Total Plant in Service - Schedule 3	4,079,488,428	Nunn	RB-20
3	Subtract from Total Plant:			
4	Depreciation Reserve - Schedule 6	1,515,706,054	Nunn	RB-30
5	Net (Plant in Service)	<u>2,563,782,374</u>		
6	Add to Net Plant:			
7	Cash Working Capital - Schedule 8	(36,445,654)		116 Docket
8	Materials and Supplies - Schedule 12	47,720,480		116 Docket
9	Prepayments - Schedule 12	5,842,636		116 Docket
10	Fuel Inventory - Oil - Schedule 12	3,547,200		116 Docket
11	Fuel Inventory - Coal - Schedule 12	21,104,346		116 Docket
12	Fuel Inventory - Additives - Schedule 12	301,295		116 Docket
13	Fuel Inventory - Nuclear - Schedule 12	24,621,690		116 Docket
14	Regulatory Asset - Iatan 1 and Com-KS	3,191,963		116 Docket
15	Regulatory Asset - La Cygne Environ-KS	2,789,570	Nunn	RB-27
16	Regulatory Asset - Meter Replacement-KS	0		116 Docket
17	Rate Base - Settlement Adjustment	(52,781)		116 Docket
18	Subtract from Net Plant:			
19	Cust Advances for Construction-KS	1,428,516		116 Docket
20	Customer Deposits-KS	1,541,181		116 Docket
21	Deferred Income Taxes - Schedule 13	499,086,309	Nunn	RB-125
22	Def Gain on SO2 Emissions Allowances-KS	29,701,868		116 Docket
23	Def Gain (Loss) Emissions Allow-Allocated	17,150		116 Docket
24	Total Rate Base	<u><u>2,104,628,095</u></u>		

Kansas City Power & Light Company
2016 KS Abbreviated RATE CASE - Direct Filing
Update 2/28/17
2015 Order Updated for Attachment A to Docket 15-KCPE-116-RTS

Income Statement

Line No.	Description	Per Order 15-KCPE-116-RTS	Abbrev Case Adjustments	Adjusted Total Comany	Adjusted Jurisdictional
	A	B	C	D	F
1	Operating Revenue	1,669,507,546	(242,625)	1,669,264,921	776,060,944
2	Operating & Maintenance Expenses:				
3	Production	666,084,089	(167,216)	665,916,873	287,853,371
4	Transmission	23,221,486	-	23,221,486	9,926,037
5	Distribution	53,351,917	-	53,351,917	24,156,680
6	Customer Accounting	27,987,158	-	27,987,158	11,844,463
7	Customer Services	10,275,036	-	10,275,036	1,598,614
8	Sales	314,050	-	314,050	149,036
9	A & G Expenses	155,590,304	(780,281)	154,810,023	71,106,270
10	Total O & M Expenses	936,824,040	(947,497)	935,876,543	406,634,471
11	Depreciation Expense	194,233,341	(261,008)	193,972,333	89,461,230
12	Amortization Expense	34,984,114	(1,032,614)	33,951,500	16,421,478
13	Taxes other than Income Tax	99,336,592	-	99,336,592	45,548,478
14	Net Operating Income before Tax	404,129,459	1,998,494	406,127,952	217,995,287
15	Income Taxes Current	64,963,575	1,018,734	65,982,309	44,855,206
16	Income Taxes Deferred	35,442,551	15,166	35,457,717	15,379,646
17	Investment Tax Credit	(1,087,652)	-	(1,087,652)	(498,363)
18	Total Taxes	99,318,474	1,033,900	100,352,374	59,736,489
19	Total Net Operating Income	304,810,984	964,594	305,775,578	158,258,797

Kansas City Power & Light Company
2016 KS Abbreviated RATE CASE - Direct Filing
Update 2/28/17
2015 Order Updated for Attachment A to Docket 15-KCPE-116-RTS

Summary of Adjustments

Line No.	Adj No.	Description	Witness	Increase (Decrease)			
				D	E	F	G
				Adjust to 2-28-17 - Update Date			
				Total Adjustments	Allocated Adjs	100% MO & Whsl Adjs	100% KS Adjs
				Incr (Decr)	Incr (Decr)	Incr (Decr)	Incr (Decr)
1		JURISDICTIONAL COST OF SERVICE					
2		OPERATING REVENUE					
3	R-20	Rate Migration Revenue	Miller	(242,625)			(242,625)
4				(242,625)	0	0	(242,625)
5		OPERATING EXPENSES					
6	CS-36	Annualize Wolf Creek refueling outage amortization	Nunn	(346,104)	(346,104)		
7	CS-65	Annualize Pension expense	Nunn	(400,003)	(400,003)		
8	CS-80	Amortize KS Rate Case expenses	Nunn	(168,908)			(168,908)
9	CS-96	Amortize Merger transition costs	Nunn	(222,222)			(222,222)
10	CS-101	Amortize Talent Assessment severance regulatory asset	Nunn	(18,064)			(18,064)
11	CS-114	Amortization of La Cygne Obsolete Inventory	Nunn	178,888	178,888		
12	CS-115	Amortize Legal fee reimbursement	Nunn	28,916			28,916
13				(947,497)	(567,219)	0	(380,278)
14		Depreciation Expense					
15	CS-120	Annualize depreciation expense based on jurisdictional depreciation rates applied to jurisdictional plant-in-service at indicated period	Nunn	(261,008)	(261,008)		
16				(261,008)	(261,008)	0	0
17		Amortization Expense					
18	CS-113	Amortization of La Cygne Reg Asset - Depr Deferral	Nunn	(3,444)			(3,444)
19	CS-121	Annualize plant amortization expense based on jurisdictional amortization rates applied to unamortized jurisdictional plant-in-service at indicated period	Nunn	131,130	131,130		
20	CS-130	Amortize Regulatory Asset - Migration	Nunn	93,282			93,282
21	CS-131	Amortize Regulatory Liability - LaCygne Bud Plant	Nunn	(1,190,626)			(1,190,626)
22	CS-132	Amortize Regulatory Liability - LaCygne Bud Depr Deferral	Nunn	(7,738)			(7,738)
23	CS-133	Amortize Regulatory Liability - Wolf Creek Bud Plant	Nunn	(55,218)			(55,218)
20				(1,032,614)	131,130	0	(1,163,744)
21		Income Tax Expense					
22	CS-125	Reflect adjustments to Schedule 9, Allocation of Current and Deferred Income Taxes	Nunn	1,033,900	1,033,900		
23				1,033,900	1,033,900	0	0
24		Total Electric Oper. Expenses		(1,207,219)	336,803	0	(1,544,022)
25		Net Electric Operating Income		964,594	(336,803)	0	1,301,397

(1) All amounts are total company; if an adjustment is applicable to only KS or MO it is so indicated