

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Evergy )  
Missouri Metro, Inc. d/b/a Evergy Missouri ) **File No. EO-2023-0029**  
Metro Containing its Semi-Annual Fuel )  
Adjustment Clause True-Up )

In the Matter of the Application of Evergy )  
Missouri Metro, Inc. d/b/a Evergy Missouri ) **File No. ER-2023-0030**  
Metro for Authority to Implement Rate ) Tracking No. JE-2023-0021  
Adjustments Required by )  
20 CRS 4240-20.090(8) and the Company's )  
Approved Fuel and Purchased Power Cost )  
Recovery Mechanism )

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its Staff Recommendation states as follows:

1. On July 29, 2022, Evergy Missouri Metro, Inc. d/b/a Evergy Missouri Metro filed a proposed revised tariff sheet, P.S.C. MO. No. 7 8<sup>th</sup> Revised Sheet No 50.31, with a revised fuel adjustment rate and bearing an effective date of October 1, 2022.

2. Also on July 29, 2022, Evergy Missouri Metro initiated a rate adjustment mechanism true-up under File No. EO-2023-0029 to identify the true-up amount of (\$993,412) for the eleventh recovery period (“RP11”), to be included in the proposed revised fuel adjustment rate

3. On August 1, 2022, the Commission issued its *Order Directing Notice and Setting Deadlines for Intervention Applications and Staff’s Recommendation*. The Order stated that no later than August 26, 2022, Staff shall file recommendations regarding its analysis of Evergy Missouri Metro’s application and proposed tariff sheet.

3. In this tariff sheet, Evergy Missouri Metro proposes to revise its Fuel Adjustment Rates (“FARs”) of its Fuel Adjustment Clause (“FAC”) for Accumulation Period 14 (“AP14”). AP14 was January 1, 2022 through June 30, 2022.

4. Based on its examination and analysis of the information Evergy Missouri Metro filed and submitted in these cases, Staff recommends the Commission issue an order approving Evergy Missouri Metro’s proposed P.S.C. MO. No. 7 8<sup>th</sup> Revised sheet No. 50.31 effective October 1, 2022.

5. Further explanation of this recommendation is provided in the memos attached to this pleading.

**WHEREFORE**, Staff submits this recommendation for the Commission’s information and consideration.

Respectfully submitted,

**/s/ Casi Aslin**

Casi Aslin  
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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record this 26<sup>th</sup> day of August, 2022.

**/s/ Casi Aslin**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. ER-2023-0030, Tariff Tracking No. JE-2023-0021

**FROM:** Cynthia M. Tandy, Senior Utility Regulatory Auditor

**DATE:** /s/ Cynthia M. Tandy / 08-26-2022      /s/ Casi Aslin / 08-26-2022  
Energy Resources Department / Date      Staff Counsel's Office / Date

**SUBJECT:** Staff Recommendation for Tariff Sheet Filed to Change Rates Related to Evergy Metro, Inc., d/b/a Evergy Missouri Metro's Fuel Adjustment Clause Pursuant to the Commission's *Report and Order* and *Order Regarding Compliance Tariff Sheets* in Case No. ER-2018-0145.

**DATE:** August 26, 2022

On July 29, 2022, Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro"), filed with the Missouri Public Service Commission ("Commission") one tariff sheet, P.S.C. MO. No. 7 8th Revised Sheet No. 50.31, bearing a proposed effective date of October 1, 2022, and cancelling P.S.C. MO. No. 7 7th Revised Sheet No. 50.31. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2023-0021 and ordered Staff to file its recommendation by August 26, 2022. In this tariff sheet, Evergy Missouri Metro proposes to revise its Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 14 ("AP14"). AP14 was January 1, 2022 through June 30, 2022. Staff recommends that the Commission approve 8th Revised Sheet No. 50.31 Canceling 7th Revised Sheet No. 50.31, and change the FAR.

Evergy Missouri Metro's July 29, 2021 filing includes the testimony of Evergy Missouri Metro witness Lisa A. Starkebaum, Manager – Regulatory Affairs at Evergy Missouri Metro, and associated work papers. Evergy Missouri Metro's calculation of its Fuel and Purchased Power Adjustment ("FPA") is \$178,390, as shown on line 11 of proposed 8th Revised Sheet No. 50.31. This FPA divided by the estimated retail sales of 8,882,796,453 kWh (line 12) results in a FAR of \$.00002 per kWh (line 13). This proposed AP14 FAR of \$.00002 per kWh is \$.00333 more than the AP13 FAR of (\$.00331)/kWh on line 13 of 7th Revised Sheet No. 50.31.

Ms. Starkebaum explains in her testimony that the Company is refunding the amount of \$152,165 plus interest of \$7,947, as ordered in its third FAC prudence review, Case No. EO-2020-0263 later consolidated in Case No. EO-2020-0262<sup>1</sup>.

Ms. Starkebaum continues to explain that a correction related to the extraordinary amounts resulting from Winter Storm Uri in February 2021 is included in this filing. In the Company's previous 13<sup>th</sup> accumulation period FAC filing Case No. ER-2022-0206, as ordered by the Commission in Case No. ER-2022-0025, the Company included an adjustment to include

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<sup>1</sup> Ms. Starkebaum's testimony on page 5, lines 6-8.

extraordinary revenues from Winter Storm Uri that were previously removed from the FAC. However the 13<sup>th</sup> accumulation period adjustment did not use the same Missouri jurisdictional allocator in the calculation of the return to customers as was used in the calculation of the amount originally removed from the FAC. The Company is including an additional adjustment of \$499,252 in extraordinary revenues from Winter Storm Uri plus interest of \$7,341.<sup>2</sup>

### **Calculation of Total Company Fuel and Purchased Power Difference**

Eversource Missouri Metro's work papers for AP14 contain data and calculations for ANEC of \$132,432,146 (line 1), and Net Base Energy Cost ("B")<sup>3</sup> of \$129,524,601 (line 2). For this filing, B equals sales of 7,732,812,000 kWh for January 2022 through June 2022 (line 2.2), multiplied by the Base Factor ("BF") of \$0.01675 per kWh (line 2.1). The difference between ANEC and Net Base Energy Cost is \$2,907,545 and this is the amount on line 3, Total Fuel and Purchased Power Difference.

The Accumulation Periods, Recovery Periods, and other specifications of Eversource Missouri Metro's FAC are set out in its tariff sheets designated Original Sheet Nos. 50.21 through 50.31.

### **Calculation of FPA Amount**

Eversource Missouri Metro's work papers and proposed 8th Revised Sheet No. 50.31 show the FPA amount of \$178,390 on line 11 is the sum of:

1. 95% of the difference between the ANEC and the Net Base Energy Cost for AP14, which is \$1,571,985 (line 7);
2. The true-up amount for Recovery Period 11 ("RP11") of (\$993,412)<sup>4</sup> (line 8);
3. The interest amount of (\$248,018) (line 9), which includes all interest for RP11 and AP14<sup>5</sup>; and,
4. Prudence Adjustment Amount (P) of (\$152,165) (line 10).

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<sup>2</sup> Ms. Starkebaum's testimony, page 5, line 17 through page 6, line 3.

<sup>3</sup> B = Base Factor multiplied by the accumulation period sales reflected on lines 2, 2.1, and 2.2 of 8th Revised Sheet No. 50.31.

<sup>4</sup> See Staff Recommendation in File No. EO-2023-0029.

<sup>5</sup> Interest is defined on Eversource Missouri Metro, P.S.C.MO. No. 7, Original Sheet No. 50.28 as: Interest applicable to (i) the difference between Missouri Retail ANEC and B for all kWh of energy supplied during an AP until those costs have been recovered; (ii) refunds due to prudence reviews ("P"), if any; and (iii) all under- or over-recovery balances created through operation of this FAC, as determined in the true-up filings ("T") provided for herein. Interest shall be calculated monthly at a rate equal to the weighted average interest paid on the Company's short-term debt, applied to the month-end balance of items (i) through (iii) in the preceding sentence.

**Calculation of FAR**

The proposed FAR of \$0.00002 per kWh (line 13), is equal to the FPA amount of \$178,390 divided by the estimated recovery period retail net system input (“NSI”) of 8,882,796,453 kWh (line 12). This proposed FAR would be in effect for Recovery Period 14, which is Evergy Missouri Metro’s billing months of October 2022 through September 2023.

**Voltage Level FARs**

Because of differences in line losses for transmission, substation, primary and secondary voltage service levels,<sup>6</sup> lines 15, 19, 23, and 27 reflect different FARs for service taken at transmission, substation, primary, and secondary voltage service levels, respectively.

The proposed FARs for transmission, substation, primary, and secondary service voltage levels are on lines 17, 21, 25, and 29. They are the sum of the current period FARs and Evergy Missouri Metro’s prior period FARs.

Listed below are Evergy Missouri Metro’s proposed AP14 FARs, the current AP13 FARs, and the difference between them for Transmission, Substation, Primary, and Secondary voltage service.

<b>Proposed and Current Annual Fuel Adjustment Rates \$ per kWh</b>			
<b>Service</b>	<b>Proposed AP14 Annual FAR</b>	<b>Current AP13 Annual FAR</b>	<b>Difference</b>
<b>Transmission</b>	(\$0.00333)	(\$0.00349)	\$0.00016 Increase
<b>Substation</b>	(\$0.00334)	(\$0.00350)	\$0.00016 Increase
<b>Primary</b>	(\$0.00342)	(\$0.00359)	\$0.00017 Increase
<b>Secondary</b>	(\$0.00349)	(\$0.00366)	\$0.00017 Increase

Based on a monthly usage of 1,000 kWh per month, the proposed change to the secondary FAR would result in an increase of the FAR of a typical Evergy Missouri Metro residential customer’s bill<sup>7</sup> by \$0.17 per month, from (\$3.66) to (\$3.49).

<sup>6</sup> The voltage adjustment factors (VAFs) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 8th Revised Sheet No. 50.31.

<sup>7</sup> All residential customers take service at secondary voltage.

**Plant in Service Accounting (“PISA”) Deferrals Permitted Under Section 393.1400, RSMo, and Limitations on Rate Modifications Permitted Under Section 393.1655, RSMo**

Eversource Missouri Metro stated in its tariff filing letter,

In Case No. EO-2019-0047, the Company elected to make the plant in service accounting (“PISA”) deferrals permitted under section 393.1400 RSMo, effective January 1, 2019. The Company performed the PISA calculations to determine the impact, if any, of this semi-annual FAR filing on the Average Overall Rate and Class Average Overall Rate for the Large Power customer class as set forth in the rule under the provisions of section 393.1655 RSMo, rate cap limitations. As explained in direct testimony, there are no PISA adjustments impacting this FAR filing.

Based upon its FAR filing, Eversource Missouri Metro is not required to have separate rates for Large Power Service customers and Non-Large Power Service customers, pursuant to Section 393.1655, RSMo. Nor is it required to have separate rates for customer classes. Staff agrees that the overall outcome of the Compound Annual Growth Rate (“CAGR”) calculation of the 11.9581% for the overall rate cap and 7.8594% for the class average overall rate cap in Eversource Missouri Metro’s work papers does not result in separate rates for Large Power customers and Non-Large Power customers.

**Staff Review**

Staff reviewed the proposed 8th Revised Sheet No. 50.31 filed on July 29, 2022, Ms. Starkebaum’s direct testimony and all the accompanying work papers, as well as Eversource Missouri Metro’s monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP14. Staff verified that the actual fuel costs, net emissions allowances, purchased power costs and transmission costs, and renewable energy credit revenues match the fuel costs, net emissions allowances, purchased power costs, and transmission costs, and renewable energy credit revenues on line 1 of Eversource Missouri Metro’s proposed 8th Revised Sheet No. 50.31 filed on July 29, 2022, along with Ms. Starkebaum’s supporting work papers. Staff also reviewed Eversource Missouri Metro’s monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under/over-recovery of base fuel and purchased power costs and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

Attachment A includes three charts summarizing Eversource Missouri Metro’s fourteen FAC rate adjustment filings. Chart 1 illustrates: (1) Eversource Missouri Metro’s ANEC, Net Base Energy Cost and under- (over-) recovery amounts for each accumulation period, and (2) that ten accumulation periods have under-recovered amounts and four accumulation period have over-recovered amounts. Chart 2 illustrates Eversource Missouri Metro’s FAC cumulative under-recovered amount at the end of each accumulation period, with the cumulative under-recovered amount through AP14 of approximately \$244 million. Chart 3 illustrates that for Eversource Missouri Metro’s accumulation

periods one through fourteen, Eversource Missouri Metro under-recovered an average of 13% of its ANEC.

### **Staff Recommendation**

Eversource Missouri Metro timely filed its 8th Revised Sheet No. 50.31 on July 29, 2022, and it complies with the Commission's *Report and Order* and its *Order Regarding Compliance Tariff Sheets* in Case No. ER-2018-0145, Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Eversource Missouri Metro's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H)<sup>8</sup> provides in part:

(H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—

1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;

2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or

3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question;

Eversource Missouri Metro requests that its proposed 8th Revised Sheet No. 50.31, filed July 29, 2022, become effective on October 1, 2022. The Company filed the tariff sheet with 60 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet become effective on October 1, 2022:

P.S.C. Mo. No. 7

8<sup>th</sup> Revised Sheet No. 50.31 Cancelling 7<sup>th</sup> Revised Sheet No. 50.31

Staff verified that Eversource Missouri Metro is not delinquent on any assessment and filed its 2021 Annual Report. Eversource Missouri Metro is current on its submission of its Surveillance Monitoring reports, required by 20 CSR 4240-20.090(6), and its monthly reports, required by 20 CSR 4240-20.090(5). Except for Eversource Missouri Metro's RP11 true-up filing in File No. EO-2023-0029 and its request for an AAO in Case No. EU-2021-0283 related to Winter Storm Uri, which the overall

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<sup>8</sup> Effective January 30, 2019.

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Tariff Tracking No. JE-2023-0021  
Evergy Missouri Metro  
August 26, 2022  
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impact is unknown at this time, Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff's recommendation for approval of the Current Period FARs in this case is solely based on the accuracy of Evergy Missouri Metro's calculations and is not indicative of the prudence of the actual net energy costs incurred during AP14.



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

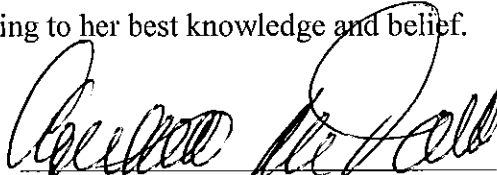
In the Matter of the Application of Evergy	)	
Metro, Inc. d/b/a Evergy Missouri Metro for	)	<u>File No. ER-2023-0030</u>
Authority to Implement Rate Adjustments	)	Tracking No. JE-2023-0021
Required by 20 CSR 4240-20.090(8) and	)	
the Company's Approved Fuel and	)	
Purchased Power Cost Recovery	)	
Mechanism	)	

**AFFIDAVIT OF CYNTHIA M. TANDY**

STATE OF MISSOURI    )  
                                   ) ss.  
 COUNTY OF COLE        )

**COMES NOW CYNTHIA M. TANDY** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

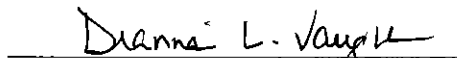
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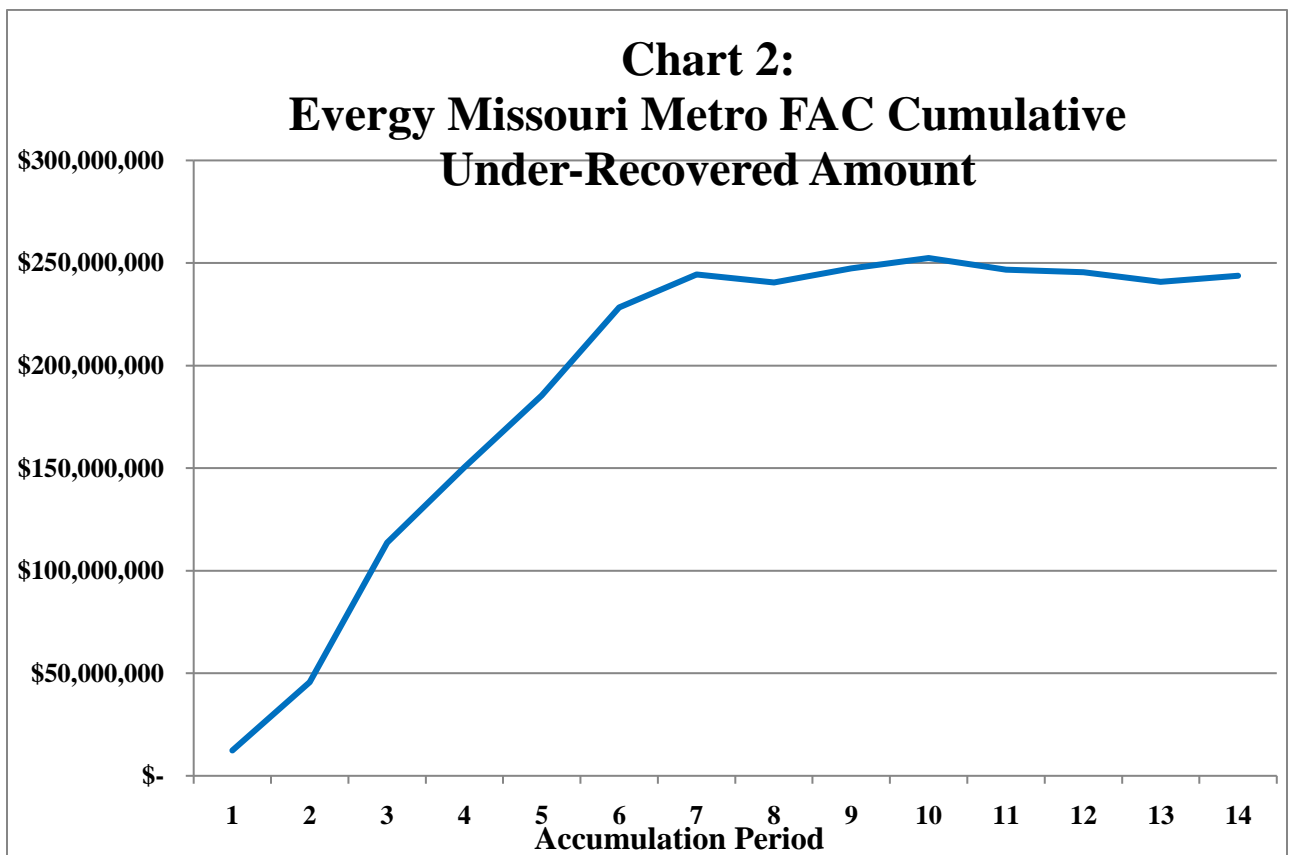
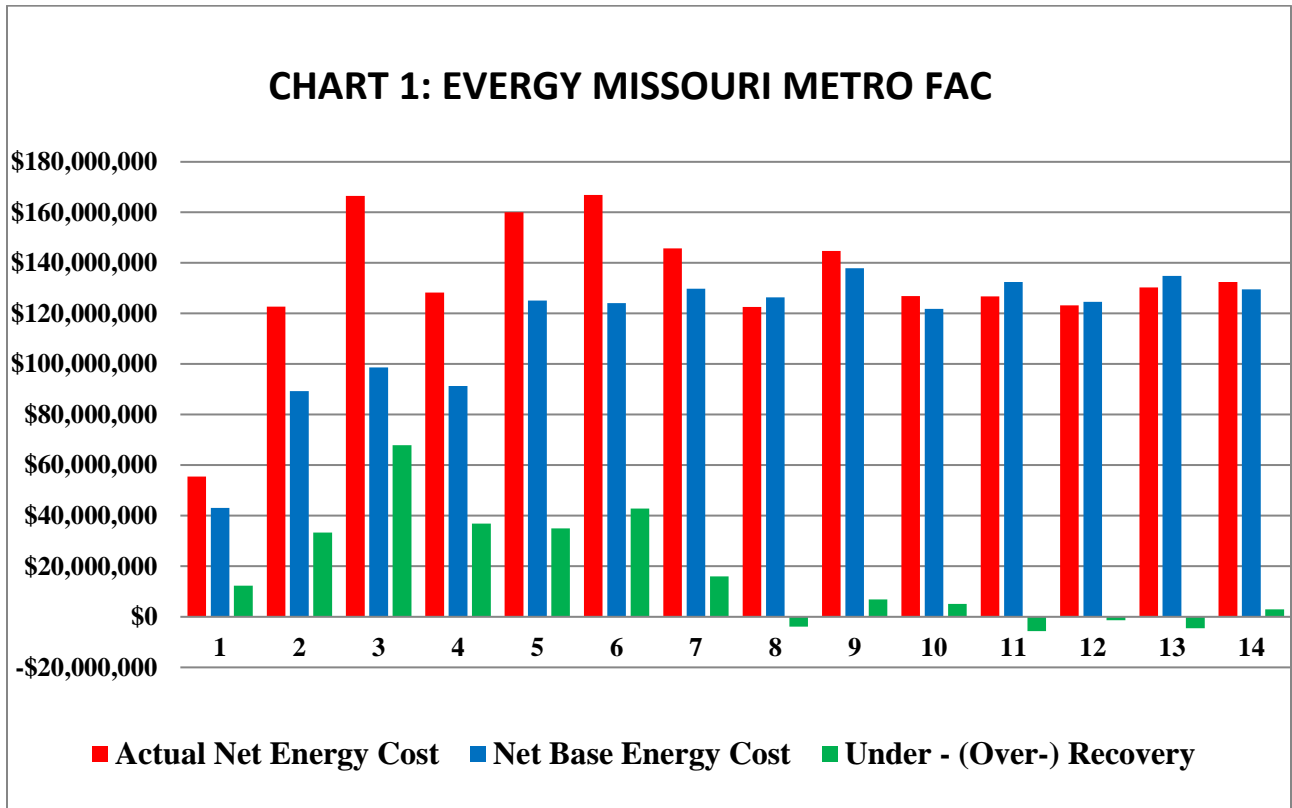
  
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 CYNTHIA M. TANDY

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 24th day of August, 2022.

DIANNA L VAUGHT Notary Public - Notary Seal STATE OF MISSOURI Cole County My Commission Expires: July 18, 2023 Commission #: 15207377
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 Notary Public



**Chart 3: Every Missouri Metro FAC  
Annual Cumulative Under-Recovered Percent**

