

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 12<sup>th</sup> day of April, 2023.

In the Matter of the Application of Evergy )  
Missouri West, Inc. d/b/a Evergy Missouri )  
West for Authority to Implement Rate )  
Adjustments Required by 20 CSR 4240- )  
20.090(8) and the Company's Approved )  
Fuel and Purchased Power Cost Recovery )  
Mechanism )

**File No. ER-2023-0210**

**ORDER REGARDING INTERIM FUEL AND PURCHASED POWER  
ADJUSTMENT RATES**

Issue Date: April 12, 2023

Effective Date: April 22, 2023

On February 22, 2023, the Commission issued its order rejecting substitute tariff sheets bearing an effective date of March 1, 2023, Tracking No. JE-2023-0117, submitted by Evergy Missouri West, Inc. d/b/a Evergy Missouri West (Evergy West) proposing a revised fuel adjustment rate (FAR) and rate adjustment mechanism true-up for Accumulation Period 31 (AP31) (referred to as the "Substitute Tariff"). The Commission issued its order approving the Fuel Adjustment True-Up on that same date in File No. ER-2023-0206.

At a prehearing conference on March 13, 2023, the Commission ordered the parties to make a filing no later than March 17, 2023, as to whether the parties had come to an agreement regarding the amount "not in question" to be included in an interim

adjusted FAR.<sup>1</sup> On March 17, 2023, the Office of the Public Counsel (OPC) filed its *Motion Regarding Amount not in Question* in which it made an interim FAR rate proposal. The Staff of the Commission (Staff) and Evergy West filed separate responses to OPC's interim FAR rate proposal, each indicating that no agreement had been reached regarding what part of the proposed adjustment is not in question.

In its Substitute Tariff, Evergy West indicated that its total Fuel and Purchased Power Adjustment (FPA) amount is \$104,175,279, minus the Plant in Service Accounting (PISA) deferral of \$(47,898,201), leaving \$56,277,077 to be recovered through its Fuel Adjustment Clause (FAC). On January 30, 2023, Staff filed its recommendation in which it recommended approval of the tariff sheet as substituted.

In its March 17<sup>th</sup> motion, OPC argues that Evergy West calculated its FPA to include extraordinary costs that should not be included in the FPA, but should be deferred for recovery until Evergy West's next general rate case. OPC explains that the costs are extraordinary for several reasons. First, they are referred to as extraordinary in the filed testimony. Second, they exceed the fuel and purchased power costs sought to be recovered in the two immediately preceding accumulation periods combined. Finally, they exceed an amount defined under the Uniform System of Accounts (USOA) to be considered extraordinary under USOA guidelines.

OPC suggests that the extraordinary costs may be determined for AP31 by averaging the non-extraordinary costs for Evergy West's May through November accumulation periods from the prior three years. OPC's calculation renders an

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<sup>1</sup> 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, pursuant to Commission Rule 20 CSR 4240-20.090(8)(H)3.

extraordinary cost amount of \$85,420,087, and an allowable FPA of \$18,755,192, to be recovered through Evergy West's FAC. In its motion, OPC requests that the Commission find any FPA above \$18,755,192 is an amount in question for determining an interim rate.

In its response to OPC's motion, Evergy West explains that its FPA for AP29 was \$47,488,718, and it is currently recovering an FPA from AP30 of \$44,604,020, which are approximately \$8.8 million and \$11.7 million less than the FPA of \$56,277,077 Evergy West seeks to recover. OPC's proposed interim FPA of \$18,755,192 is less than half of the current FPA recovery and OPC did not object to the recovery amounts in either of the previous accumulation periods. Evergy West argues that calculating extraordinary costs based on costs from the prior three years may be suitable for short-term cost increases, such as the Winter Storm Uri event, but does not reflect the impact of market price increases experienced over the last three accumulation periods.

Evergy West also explains that OPC's proposal to defer \$85 million of the costs to an AAO will increase the regulatory lag experienced by the Company since it will have to wait until its next rate case to recover the AP31 costs. This lag is on top of the currently deferred \$297.3 million in Winter Storm Uri costs. This will cause Evergy West to have the substantial financial burden of almost \$400 million of incurred but unrecovered fuel and purchased power costs.

In its *Staff Response on Interim Tariff*, filed on March 17, 2023, Staff states that it views Evergy West's proposal that approximately \$40 million should be included in an interim FAC tariff to be appropriate because that amount is closer to Evergy West's recovery in its last two recovery periods. However, Staff acknowledges that OPC's

position, that approximately \$18.7 million should be included in an interim FAC tariff, is an amount truly “not now in question.”<sup>2</sup>

On February 28, 2023, Evergy West filed notice of continuation of FAR rates until new rates are approved. In that notice, Evergy West stated that, due to the controversy over the appropriate FAR rates in this case, the FAR rates in effect would continue until the Commission approves new FAR rates. The FAR rates continued are from Case No. ER-2023-0011, Evergy West Tariff Sheet 8<sup>th</sup> Revised Sheet No. 127.23 (Tracking No. YE-2023-0092). That tariff sheet assigns the amount of \$44,604,020 as the applicable FPA.

Evergy West’s FAR rates under its current tariff, Tracking No. YE-2023-0092, were effective for the billing months of December 2022 through February 2023.<sup>3</sup> In this case, the proposed FAR rates were contested by OPC, and placed all amounts of Evergy West’s proposal greater than \$18,755,192 in question. The Commission will direct Evergy West to file tariff sheets to implement proposed interim FAR rates in the amount that is not now in question as allowed by Commission Rule 20 CSR 4240-20.090(8)(H)3 until the Commission approves new Fuel Adjustment Rates.

**THE COMMISSION ORDERS THAT:**

1. OPC’s *Motion Regarding Amount not in Question* is granted.
2. Evergy West shall file a tariff sheet to implement interim adjusted Fuel Adjustment Rates, based on the Fuel and Purchased Power Adjustment amount of \$18,755,192, until the Commission approves new Fuel Adjustment Rates.

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<sup>2</sup> Staff Response on Interim Tariff, p. 1-2.

<sup>3</sup> Evergy West Tariff P.S.C MO. No 1, 8<sup>th</sup> Revised Sheet No. 127.23

3. This order shall be effective on April 22, 2023.

**BY THE COMMISSION**



*Nancy Dippell*

Nancy Dippell  
Secretary

Rupp, Chm., Coleman, Holsman, and  
Kolkmeier CC., concur.

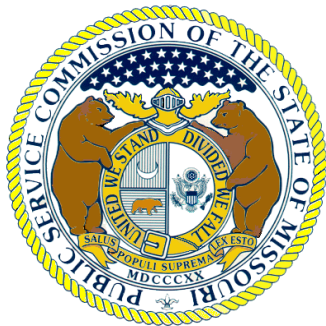
Keeling, Regulatory Law Judge

**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 12<sup>th</sup> day of April, 2023.**



*Nancy Dippell*  
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**Nancy Dippell**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**April 12, 2023**

**File/Case No. ER-2023-0210**

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**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

**Sincerely,**

A handwritten signature in black ink that reads "Nancy Dippell". The signature is written in a cursive, flowing style.

**Nancy Dippell  
Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.