Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri Metro
Case No.:	ER-2022-0025
Date Testimony Prepared:	July 30, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0025

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

Kansas City, Missouri
July 2021

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. 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	)	Case No. ER-2022-0025

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Lisa A. Starkebaum, being first duly sworn on her oath, states:

1. My name is Lisa A. Starkebaum. I work in Kansas City, Missouri, and I am employed by Evergy, Inc. as Manager, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro, consisting of _fourteen__ (14) 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.

Lisa A. Starkebaum
Lisa A. Starkebaum

Subscribed and sworn to before me this 30th day of July 2021.

Anthy R. Westenkirchner
Notary Public

My Commission expires:

4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2022-0025

Q: Please state your name and business address.

A: My name is Lisa A. Starkebaum. My business address is 1200 Main, Kansas City, Missouri 64105.

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

A: I am employed by Evergy, Inc., as Manager, Regulatory Affairs.

Q: What are your responsibilities?

A: My responsibilities include the coordination, preparation and review of financial information and schedules associated with Evergy, Inc.'s compliance and rider mechanism filings including: Evergy Kansas Central, Evergy Kansas Metro, Evergy Missouri Metro and Evergy Missouri West.

Q: Please describe your education.

A: In 1994, I received a Bachelor of Science Degree in Finance from Northwest Missouri State University in Maryville, Missouri.

Q: Please provide your work experience.

A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila, Inc. ("Aquila") where I worked in the Financial and Regulatory Reporting group as an Accountant, until joining Regulatory Accounting Services as a Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years prior to beginning my employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by Great Plains Energy Incorporated. Since that time, I have held various positions with increasing responsibilities within Regulatory Accounting Services and Regulatory Affairs. As a Lead Analyst in the Regulatory Affairs department, my main areas of responsibility included the preparation of FERC and jurisdictional reporting, and the preparation of rate cases and rate case support for both KCP&L and GMO. In December 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing a team dedicated to compliance reporting and was later promoted to Manager, Regulatory Affairs effective June 2018. In my current position, I am responsible for overseeing various reporting requirements to ensure Evergy is compliant with its jurisdictional rules and regulations, in addition to the implementation of new reporting or commitments resulting from various rate case orders and other regulatory filings. In addition, I oversee the coordination, review and filing of the various rider mechanisms.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("MPSC" or "Commission") or before any other utility regulatory agency?

A: Yes, I have testified before the MPSC, the Kansas Corporation Commission ("KCC" or "Commission") and have provided written testimony before the Public Utilities Commission of Colorado. I have sponsored testimony in Missouri related to various tariff filings involving rider mechanisms utilized by the Company. In addition, I have worked closely with both MPSC and KCC Staff on numerous filings and rate case matters.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to support the Fuel Adjustment Clause ("FAC") that has been filed by Evergy Missouri Metro ("Company"). This FAC tariff filing consists of actual fuel and purchased power costs, net of off-system sales revenues incurred by the Company, less an adjustment for "extraordinary credits" incurred as a result of the mid-February 2021 cold weather event known as Winter Storm Uri. My testimony supports the rate schedule filed to adjust rates for the FAC includable costs experienced during the six-month period January through June 2021. This six-month period represents the 12th accumulation period under Evergy Missouri Metro's FAC, which was originally approved by the Commission in Case No. ER-2014-0370 ("2014 Case") and modified in Case Nos. ER-2016-0285 ("2016 Case") and ER-2018-0145 ("2018 Case"). The proposed FAC charge for Missouri residential customers is a credit of $0.00041 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly credit of ($0.41). This represents a decrease of $0.27 to an Evergy Missouri Metro residential customer's monthly bill compared to the prior FAC.

Q: Please explain why Evergy Missouri Metro filed the FAC adjustment rate schedules at this time.

A: The Commission's rule governing fuel and purchased power cost recovery mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8)(A) – requires Evergy Missouri Metro to make periodic filings to allow the Commission to review the actual net FAC includable costs the Company has incurred and to allow rates to be adjusted, either up or down, to reflect those actual costs. The Commission's rule requires at least one such review and adjustment each year. Evergy Missouri Metro's approved FAC calls for two annual filings – one filing covering the six-month accumulation period running from January through June and another filing covering the accumulation period running from July through December. Any increases or decreases in rates in these filings are then included in the customers' bills over a subsequent 12-month recovery period.

For the 12th accumulation period covering the period of January through June 2021, Evergy Missouri Metro's "adjusted" actual FAC includable costs were $757,346 lower than the base energy costs included in base rates. In accordance with the Commission's rule and Evergy Missouri Metro's approved FAC, Evergy Missouri Metro is filing the FAC tariff that provides for a change in rates to refund 95% of those cost changes, or approximately $719,479 before interest.

In addition, a true-up filing is being made concurrent with this filing covering the ninth accumulation period of July through December 2019 and its corresponding recovery period of April 2020 through March 2021. The proposed ninth accumulation period true-up amount is an over-collection of $477,623. The 12th accumulation period interest is a credit of $60,067. This represents normal interest calculated on the FAC balances in addition to an interest correction credit of $37,834 that is included in this filing. This results in a total 12th accumulation period Fuel and Purchased Power Adjustment ("FPA") credit or refund to customers of approximately $1.3 million.

Q: Please explain why Evergy Missouri Metro is adjusting actual costs in this filing.

A: Since the inception of the Company's FAC, the actual cost of fuel and purchased power has varied from the FAC base fuel amount included in base rates. During this 12th accumulation period covering January through June 2021, Actual Net Energy

Costs ("ANEC") incurred amounted to $58.2 million under base rates, or $33.1 million Missouri jurisdictional. Under normal circumstances, Evergy Missouri Metro would return 95% of this credit to customers, or $31.5 million before true-up and interest. Evergy Missouri Metro had increased fuel and purchased power costs due to Winter Storm Uri but was able to more than offset these costs with an increase in off-system sales revenues, resulting in a net customer benefit. However, in Case No. EU-2021-0283, the Company is seeking an accounting authority order ("AAO") requesting permission to accumulate and defer to a regulatory liability all extraordinary costs and revenues incurred resulting from Winter Storm Uri. In that case, the Company will also address the allocation issues that have existed between the Missouri and Kansas jurisdictions associated with excess off-system sales and unrecovered fuel and purchased power costs. Therefore, Evergy Missouri Metro is proposing to use a future FAC accumulation period to flow back the benefits that have accumulated from off-system sales as a result of Winter Storm Uri.

Q: Does the FAC Rule mention "extraordinary" costs?

A: Yes, the Commission's FAC Rule provides guidance in Subsection (8)(A)2.A(XI) of 20 CSR 4240-20.090. Section (8)(A)2.A(I-X) provides specific guidance on the historical costs to be used to propose the fuel adjustment rates and goes on to state in (8)(A)2.A(XI) that "Extraordinary costs not be passed through, if any, due to such costs being an insured loss, or subject to reduction due to litigation or for any other reason". This requires a utility to identify extraordinary costs not to be passed through the FPA which appears to indicate deferral treatment. Deferral treatment has been afforded utilities in past instances where there have been extraordinary costs incurred due to various acts of nature such as ice storms and tornadoes. The extreme cold temperatures experienced in mid-February that lasted for days is yet another example of a severe weather event outside of human control.

Q: Please explain the adjustment to February 2021 actual costs and revenues incurred as a result of Winter Storm Uri.

A: In order to identify the extraordinary costs and revenues associated with Winter Storm Uri, Evergy Missouri Metro established a baseline to approximate the normal conditions for the month of February 2021. In order to approximate more historic normal conditions in the month of February, the Company calculated a three-year average baseline using actual February costs for the years 2018, 2019 and 2020 for fuel, purchased power costs, emissions, transmission expense and off-system sales revenues and compared the actual costs and revenues that were incurred for February 2021 to that three-year average. When compared to the three-year historic average for the month of February, Evergy Metro's (Total Company) actual energy costs and off-system sales for February 2021 were approximately $56.8 million less than the February 2018-2020 average. After applying the jurisdictional allocation percentage for Evergy Missouri Metro, this resulted in a benefit to customers of roughly $32.0 million. These extraordinary amounts have been excluded from the FAR calculation and is the amount that Evergy requested be deferred to the AAO. The three-year historic average baseline replaces the February 2021 actual costs and revenues in this six-month accumulation period of January 2021 through June 2021 for purposes of this FAR filing and is more reflective of the amount of fuel and purchased power costs that would have been expected absent Winter Storm Uri. These adjustments are detailed in the workpaper support that accompanies this filing and are discussed in further detail in the direct testimony provided by Company witness Ronald A. Klote in Case No. EU-2021-0283.

Q: Please explain the reason for the adjustment made between the February and March general ledger amounts that is reflected in the monthly Section 8 FAC tabs.

A: In order to capture the majority of Winter Storm Uri costs in the Company's AAO Application at the time of filing on June 30, 2021, amounts recorded to the general ledger in March amounting to a net credit of $20.4 million were moved from March totals and included in the February totals as these related to the winter weather event in February. There is always timing of adjustments between accounting periods. Additionally, the Company expects that there will be adjustments in future months due to resettlements, and a final calculation of other relevant charges.

Q: Please explain the interest correction mentioned above.

A: A correction related to the short-term borrowing interest rates used amounting to $37,834 is included in this filing. The correction is due to a revision of the applicable margin used to calculate the short-term interest rates for the period of September 18, 2018 through December 31, 2020. The applicable margin should have changed over time with the Company's credit rating changes but was erroneously missed. Therefore, additional interest has been calculated on this correction. The calculation and restated daily interest rates are included in the workpaper support.

Q: Is there anything else impacting this semi-annual FAC filing that should be mentioned?

A: Yes. There are a few items to note.

First, the Company is continuing to exclude from purchased power expense the net amounts associated with the Renewable Energy Rider ("RER") tariff. The Renewable Energy purchased power agreements ("PPAs") are structured with load offsetting SPP settlements. These settlements are often referred to as "revenue received from SPP." The PPA expense and offsetting SPP settlements are both recorded to the Company's general ledger in purchased power. The net amount is removed from the ANEC and FAR calculation. Metro's FAC tariff requires the exclusion of purchased power costs and revenues from off-system sales amounts associated with PPAs dedicated to the RER tariff. Additional tabs for Ponderosa are included in the workpaper support reconciling the RER to the FAR.

Second, effective January 1, 2021, SPP revised its rate structure and created new charge types related to Schedule 1-A charges to allow recovery of its administrative costs of operations from all users of SPP's services. Prior to 2021, all SPP administrative costs of providing services were recovered through Tariff Schedule 1-A. Since its inception, only Transmission Customers paid Schedule 1-A charges, recorded to general ledger accounts 561 and 575. Effective January 2021, Schedule 1-A will remain but will be broken into four rate schedules. The original transmission service schedule (Schedule 1-A) would become Schedule 1-A1. Three new Market Schedules would be added: Schedules 1-A2, 1-A3, and 1-A4.

1. Schedule 1-A2 - Transmission Congestion Rights Administrative Service - (to be paid by all TCR Holders). This schedule would recover the costs to

administer the TCR Markets and related costs. Costs are recorded to account 555;

2. Schedule 1-A3 - Integrated Marketplace Clearing Administrative Service (to be paid by all Market Participants including virtuals). This schedule would recover costs related to market settlement, credit services, market monitoring, and customer service. Costs are recorded to account 555; and
3. Schedule 1-A4 - Integrated Marketplace Facilitation Administrative Service (to be paid by all Market Participants excluding virtuals). This schedule and would recover costs to provide the Day Ahead Markets, Real Time Balancing Market, and RUC Processes. Costs are recorded to account 555.

Schedule 1-A fees are not recovered through the Company's FAC tariff but instead are included for recovery through Evergy Missouri Metro's base rates. SPP Schedule 1-A fees are shown separately in general ledger account 555070 - Purchased Power Admin Fees in the monthly filed Section 5 informational reports. In the Section 8 monthly detail tabs, purchased power expense is reduced by the amount of admin fees to demonstrate that they are excluded from the FAC.

Finally, the Company has performed the plant in service accounting ("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. The compound average growth rate cap provisions of section 393.1655 RSMo. applied to this FAR filing are 8.6972% for the average overall rate cap and

5.7446% for the class average overall rate cap for Large Power customers. The change in the FAC charge proposed in this filing does not exceed the average overall rate by more than 8.6972% and, as such, the provisions of section 393.1655.5 do not affect this FAR filing. In addition, the Company is using projected Large Power sales to calculate a Large Power FAC rate. In accordance with section 393.1655.6 RSMo., the proposed FAC charge applicable to Large Power customers does not exceed 5.7446% of the class average overall rate for this rate class. Therefore, there are no PISA adjustments in this FAR filing.

Q: How did you develop the various values used to derive the proposed FARs that are shown on Schedule LAS-1?

A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in conjunction with this testimony contains all the information as set in 20 CSR 4240-20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting a copy of the work papers that support the determination of the current FAR.

Q: Please describe the impact of the change in costs and how it will affect a typical customer.

A: The proposed current period FARs for Evergy Missouri Metro's customers by voltage level is shown below:

Proposed Current Period FARs	
	$ per kWh
Voltage	**Rates**
Transmission	($0.00014)
Substation	($0.00014)
Primary	($0.00015)
Secondary	($0.00015)

This is the difference between the base FAC includable costs and the actual costs incurred by the Company including interest and adjustments during the current 12th accumulation period of January through June 2021 and will be billed over a recovery period running from October 2021 through September 2022.

The proposed FAR was calculated in the manner specified in the Company's FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the tariff sheet with the current FAR, the prior period FAR and the total FAR that will be billed to customers over the recovery period. The FAR calculated for the tenth accumulation period has been removed as its recovery period will cease in September 2021. The FAR for the 11th accumulation period is added to the FAR for the current 12th accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FARs for Evergy Missouri Metro customers are shown in the table below:

Proposed Current Annual FARs	
	$ per kWh
Voltage	**Rates**
Transmission	($0.00039)
Substation	($0.00039)
Primary	($0.00041)
Secondary	($0.00041)

As stated earlier, this will result in a decrease of approximately $0.27 per month for residential customers using 1,000 kWh per month compared to the prior FAC.

Q: If the rate schedules filed by Evergy Missouri Metro are approved or allowed to go into effect, what safeguards exist to ensure that the revenues the Company bills to its customers do not exceed the fuel and purchased power costs that Evergy Missouri Metro actually incurred during the Accumulation Period?

A: Evergy Missouri Metro's FAC and the Commission's rules provide two mechanisms to ensure that amounts billed to customers do not exceed the Company's actual, prudently incurred fuel and purchased power costs. First, at the end of each recovery period the Company is required to true up the amounts billed to customers through the FAR with the excess fuel and purchased power costs that were actually incurred during the accumulation period to which the FAR applies. Second, the Company's fuel and purchased power costs are subject to periodic prudence reviews to ensure that only prudently incurred fuel and purchased power costs are billed to customers through Evergy Missouri Metro's FAC. These two mechanisms serve as checks to ensure that the Company's customers pay only the prudently incurred, actual costs of fuel and purchased power used to provide electric service.

Q: Have each of these mechanisms been in effect throughout the FAC process since its inception in the 2014 Case?

A: Yes, Evergy Missouri Metro has made eight true-up filings, all of which were approved by the MPSC. The ninth true-up filing is being made concurrent with this semi-annual filing covering the ninth accumulation period of July through December 2019 and its corresponding recovery period of April 2020 through March 2021. The Company's calculation of the proposed true-up resulting in an over-refund to customer for Evergy Missouri Metro has been included in the calculation of the current proposed tariff change.

In addition, Evergy Missouri Metro is currently in its third prudence review, Case No. EO-2020-0262, which is still ongoing. An Ordered Adjustment was stipulated by parties as stated in the *Order Approving Partial Stipulation and*

Agreement, File No. EO-2020-0262 effective January 30, 2021, for the Company to remove Missouri jurisdictional Montrose fuel costs amounting to $199,104. This adjustment was included in the previous FAR filing, Case No. ER-2021-0244.

Q: What action is Evergy Missouri Metro requesting from the Commission with respect to the rate schedules that the Company has filed?

A: The Company requests the Commission approve the rate schedules to be effective as of October 1, 2021.

Q: Does this conclude your testimony?

A: Yes, it does.

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
(Applicable to Service Provided December 6, 2018 and Thereafter)
Effective for Customer Usage Beginning October 1, 2021 through March 31, 2022

Accumulation Period Ending:			June 30, 2021
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$123,257,771
2	Net Base Energy Cost (B)	-	$124,634,288
	2.1 Base Factor (BF)		$0.01675
	2.2 Accumulation Period NSI (S_{AP})		7,440,853,000
3	(ANEC-B)		($1,376,517)
4	Jurisdictional Factor (J)	x	55.019016%
5	(ANEC-B)*J		($757,346)
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		($719,479)
8	True-Up Amount (T)	+	($477,623)
9	Interest (I)	+	($60,067)
10	Prudence Adjustment Amount (P)	+	
11	Fuel and Purchased Power Adjustment (FPA)	=	($1,257,169)
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,812,567,934
13	Current Period Fuel Adjustment Rate (FAR)	=	($0.00014)
14			
15	Current Period FAR_{Trans} = FAR x VAF_{Trans}		($0.00014)
16	Prior Period FAR_{Trans}	+	($0.00025)
17	Current Annual FAR_{Trans}	=	($0.00039)
18			
19	Current Period FAR_{Sub} = FAR x VAF_{Sub}		($0.00014)
20	Prior Period FAR_{Sub}	+	($0.00025)
21	Current Annual FAR_{Sub}	=	($0.00039)
22			
23	Current Period FAR_{Prim} = FAR x VAF_{Prim}		($0.00015)
24	Prior Period FAR_{Prim}	+	($0.00026)
25	Current Annual FAR_{Prim}	=	($0.00041)
26			
27	Current Period FAR_{Sec} = FAR x VAF_{Sec}		($0.00015)
28	Prior Period FAR_{Sec}	+	($0.00026)
29	Current Annual FAR_{Sec}	=	($0.00041)
30	VAF_{Trans} = 1.0129		
31	VAF_{Sub} = 1.0162		
32	VAF_{Prim} = 1.0383		
33	VAF_{Sec} = 1.0592		