

Exhibit No.:
Issue: Montrose Fuel Costs
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: EO-2020-0262 (Lead - Consolidated)
EO-2020-0263 (Consolidated)
Date Testimony Prepared: October 29, 2020

MISSOURI PUBLIC SERVICE COMMISSION

**CASE NOS.: EO-2020-0262 (Lead - Consolidated)
EO-2020-0263 (Consolidated)**

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
October 2020**

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

**Case Nos. EO-2020-0262 (Lead - Consolidated)
EO-2020-0263 (Consolidated)**

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

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

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

5 A: I am employed by Evergy Metro, Inc.¹ or the “Company”, and serve as Manager,
6 Regulatory Affairs for Evergy Kansas Metro, Evergy Missouri Metro, Evergy
7 Missouri West and Evergy Kansas Central, the operating utilities of Evergy, Inc.

8 **Q: Who are you testifying for?**

9 A: I am testifying for Evergy Missouri Metro.

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

11 A: My responsibilities include the coordination, preparation and review of financial
12 information and schedules associated with the Company’s various rider
13 mechanisms and other compliance filings.

14 **Q: Please describe your education.**

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

¹ Following approval granted by the Commission in Case No. EM-2018-0012, Great Plains Energy, Inc. (the former holding company parent of KCP&L and KCP&L Greater Missouri Operations Company) merged with Westar Energy, Inc. in June 2018. The utility operating companies were subsequently re-named under the Evergy brand, with KCP&L becoming Evergy Metro, Inc., KCP&L Greater Missouri Operations Company becoming Evergy Missouri West and Westar Energy becoming Evergy Kansas Central.

1 **Q: Please provide your work experience.**

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

1 **Q: Have you previously testified in a proceeding before the Missouri Public**
2 **Service Commission (“MPSC” or “Commission”) or before any other utility**
3 **regulatory agency?**

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

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

11 A: The purpose of my testimony is to support the Company’s inclusion of Montrose
12 fuel costs that were included in Evergy Missouri Metro’s semi-annual Fuel
13 Adjustment Rate (“FAR”) filing, Case No. ER-2019-0223, which includes
14 Accumulation Period 7 covering the months of July through December 2018 that
15 is now subject to the Company’s third Fuel Adjustment Clause (“FAC”) prudence
16 review.

17 **Q: Please provide some background.**

18 A: In Accumulation Period 7, covering the months of July through December 2018,
19 the Company included costs that were associated with the Montrose generating
20 station. The Montrose generating station was in service through December 2018
21 and unit 3 produced electricity to serve retail load by burning both coal and oil
22 until experiencing a forced outage on December 10, 2018. This activity was
23 detailed and previously filed in the Company’s monthly Section 5 informational

1 filings. However, later that same month, the plant was retired and taken out of
2 service on December 31, 2018. Additionally, Montrose units 2 and 3 were
3 removed from the Southwest Power Pool (“SPP”) effective January 1, 2019. In
4 anticipation of retirement, plant personnel burned through all available physical
5 coal inventory before December 31, 2018.

6 **Q: Please continue.**

7 A: The amount of coal inventory recorded in the general ledger showed 6,611 tons of
8 coal remaining at Montrose; therefore, a physical inventory adjustment of 6,611
9 tons was necessary. As required by Generally Accepted Accounting Principles
10 (“GAAP”), this adjustment is necessary to ensure that the Company is
11 appropriately reflecting the correct inventory levels. The Company recorded a
12 physical inventory adjustment in December 2018 totaling \$332,603 for total
13 Evergy Metro, or \$193,276, the Missouri jurisdictional portion. After the 95%
14 sharing is applied, the total adjustment amount subject to recovery through the
15 FAC amounted to \$183,612. This adjustment amount represents the difference in
16 the value of the inventory recorded in the general ledger and the actual physical
17 inventory (none) that was still on the ground at Montrose at retirement. This
18 adjustment was recorded to fuel expense account 501 that is properly includable
19 for recovery through the FAC.

1 **Q: Does the Company’s FAC tariff language provide guidance for the inclusion**
2 **of these types of costs?**

3 A: Yes, the FAC tariff allows for fuel cost adjustments as found in previous FAR
4 filings and based on the tariff definitions. Evergy Missouri Metro’s FAC tariff
5 currently in effect, Original Sheet No. 50.22, states:

6 FC = Fuel Costs Incurred to Support Sales:

7 The following costs reflected in FERC Account Number 501 (**emphasis**
8 **added**):

9 Subaccount 501000: coal commodity and transportation, side release and
10 freeze conditioning agents, dust mitigation agents, applicable taxes,
11 accessorial charges as delineated in railroad accessorial tariffs [additional
12 crew, closing hopper railcar doors, completion of loading of a unit train
13 and its release for movement, completion of unloading of a unit train and
14 its release for movement, delay for removal of frozen coal, destination
15 detention, diversion of empty unit train (including administration fee,
16 holding charges, and out-of-route charges which may include fuel
17 surcharge), diversion of loaded coal trains, diversion of loaded unit train
18 fees (including administration fee, additional mileage fee or out-of-route
19 charges which may include fuel surcharge), fuel surcharge, held in transit,
20 hold charge, locomotive release, miscellaneous handling of coal cars,
21 origin detention, origin re-designation, out-of-route charges (including
22 fuel surcharge), out-of-route movement, pick-up of locomotive power,
23 placement and pick-up of loaded or empty private coal cars on railroad
24 supplied tracks, placement and pick-up of loaded or empty private coal
25 cars on shipper supplied tracks, railcar storage, release of locomotive
26 power, removal, rotation and/or addition of cars, storage charges,
27 switching, trainset positioning, trainset storage, and weighing], unit train
28 maintenance, leases, taxes and depreciation, natural gas costs, fuel quality
29 adjustments, fuel adjustments included in commodity and transportation
30 costs, broker commissions and fees (fees charged by an agent, or agent's
31 company to facilitate transactions between buyers and sellers), oil costs
32 for commodity, transportation, storage, taxes, fees, and fuel losses, **coal**
33 **and oil inventory adjustments**, and insurance recoveries, subrogation
34 recoveries and settlement proceeds for increased fuel expenses in the 501
35 Accounts.
36

1 **Q: Has the Company included these types of adjustments in its FAR filings in**
2 **the past?**

3 A: Yes. The Company has made entries on occasion within the general ledger based
4 upon physical surveys of the coal inventories. These surveys are performed
5 annually to ensure that the inventory amount recorded in the general ledger
6 reflects the actual amount of the physical inventory of the coal inventory on the
7 ground at the plant. The last Montrose coal pile survey was performed in
8 November 2017. Additionally, not all physical inventory adjustments are the
9 result of physical coal surveys performed. Other adjustments are sometimes
10 initiated by plant personnel that involve corrections to fuel burns previously
11 reported.

12 **Q: Are there examples of prior physical inventory adjustments recorded for**
13 **Montrose that have been included for recovery in the Company's FAC?**

14 A: Yes, since the effective date of Missouri Metro's FAC beginning September 29,
15 2015, in conjunction with the effective date of new retail rates in Case No. ER-
16 2014-0370, there have been several coal inventory adjustments made related to
17 Montrose. As can be seen in the table below, these inventory adjustments can be
18 debits or credits depending on coal inventory survey results. Coal adjustment
19 credits shown below are a reduction in fuel expense and an increase to coal
20 inventory, meaning the Company is showing that it burned more coal.
21 Conversely, positive coal adjustments are an increase in fuel expense and a
22 decrease in coal inventory.

Month	Coal Adjustment \$	Coal Adj. Tons	Coal Inventory \$	Coal Inv. Tons
June 1, 2015			\$10,240,313	284,231
June 2015	(\$612,248)	(16,891)		
June 30, 2015			\$7,669,757	215,878
June 1, 2016			\$8,900,379	240,678
June 2016	(\$741,649)	(20,834)		
June 30, 2016			\$8,417,413	227,307
September 1, 2016			\$8,961,136	247,970
September 2016	(\$167,342)	(4,725)		
September 30, 2016			\$9,150,612	253,977
June 1, 2017			\$7,473,732	194,280
June 2017	\$468,000	12,493		
June 30, 2017			\$6,333,609	164,178
November 1, 2017			\$6,600,139	180,441
November 2017	(\$300,100)	(8,011)		
November 30, 2017			\$7,760,292	211,236
January 1, 2018			\$6,919,898	187,736
January 2018	\$12,249	0		
January 30, 2018			\$5,682,972	153,664
December 1, 2018			\$934,082	18,498
November 2018	\$332,603	6,611		
December 31, 2018			\$0	(0)

1
2

*Table submitted in response to OPC Data Request 8002.

**June 2015 coal adjustment is prior to the implementation of the Missouri Metro FAC.

3 **Q: Have any of these prior physical inventory adjustments, either positive or negative,**
4 **been disputed or excluded from recovery through the Company's FAR filings?**

5 A: No. After a review by the Company of all previous semi-annual FAR filings by Evergy
6 Missouri Metro since the implementation of the FAC in addition to a review of the
7 outcomes associated with previous FAC prudence reviews, physical inventory
8 adjustments have not been disputed or recommended for disallowance.

9 **Q: Please summarize your position.**

10 A: The Montrose physical inventory adjustment made in December 2018 simply
11 represents a reconciliation of the accounting books of record to what was
12 remaining in physical coal inventory at the retired plant which was zero. As
13 previously stated, the general ledger accurately reflects the amount of the coal at

1 the plant. The process of weighing the amount of coal burned is not an exact
2 process and because of this, an annual coal inventory survey is completed each
3 year to determine the physical tons of coal inventory at the plant. This is a
4 measurement at a point in time that is updated through the Company's cycle of
5 coal inventory surveys and checked for reasonableness. In December of 2018,
6 there was no longer a coal inventory and an adjustment was made to the general
7 ledger to reflect this. The Company believes that this adjustment was recorded
8 appropriately to account 501 and should be recovered through Evergy Missouri
9 Metro's FAC.

10 **Q: Does this conclude your testimony?**

11 **A:** Yes, it does.

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

In the Matter of the Third Prudence Review of Costs Subject)
to the Commission-Approved Fuel Adjustment Clause of) File No. EO-2020-0262
Evergy Missouri West Inc., d/b/a Evergy Missouri West)
)

In the Matter of the Third Prudence Review of Costs)
Subject to the Commission-Approved Fuel Adjustment Clause) File No. EO-2020-0263
of Evergy Metro, Inc., d/b/a Evergy Missouri Metro)
)

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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

1. My name is Lisa A. Starkebaum. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. and serve as Manager – Regulatory Affairs for Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”).


2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of eight (8) 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

Subscribed and sworn before me this 29th day of October 2020.



Notary Public

My commission expires: 4/26/2021

