

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2021-0025
Date Testimony Prepared: July 31, 2020

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2021-0025

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
July 2020**

**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-2021-0025

AFFIDAVIT OF LISA A. STARKEBAUM

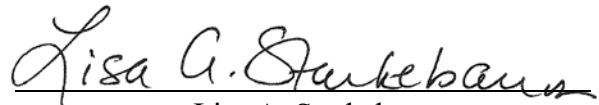
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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.

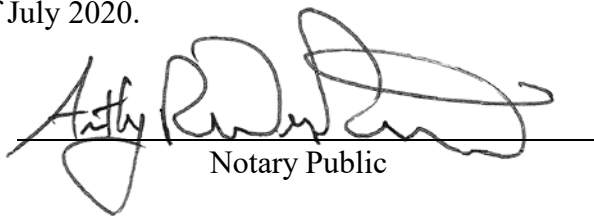
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro, consisting of ten (10) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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

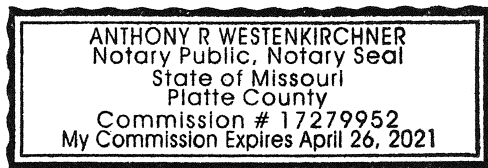
Subscribed and sworn to before me this 31st day of July 2020.



Notary Public

My Commission expires:

4/26/2021



DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2021-0025

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

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

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

5 A: I am employed by Evergy, Inc. or the “Company”, as Manager, Regulatory
6 Affairs.

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

8 A: My responsibilities include the coordination, preparation and review of financial
9 information and schedules associated with the Company’s compliance filings for
10 Evergy including: Evergy Kansas Central, Evergy Kansas Metro, Evergy Missouri
11 Metro and Evergy Missouri West.

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

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

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

16 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department
17 assisting with month-end close and reporting responsibilities. In 1997, I joined
18 Aquila, Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting
19 group as an Accountant, until joining Regulatory Accounting Services as a

1 Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years prior
2 to beginning my employment with KCP&L in July 2008 as a part of the acquisition
3 of Aquila, Inc., by Great Plains Energy Incorporated. Since that time, I have held
4 various positions with increasing responsibilities within Regulatory Accounting
5 Services and Regulatory Affairs. As a Lead Analyst in the Regulatory Affairs
6 department, my main areas of responsibility included the preparation of FERC and
7 jurisdictional reporting, and the preparation of rate cases and rate case support for
8 both KCP&L and GMO. In December 2015, I became a Supervisor, Regulatory
9 Affairs responsible for overseeing a team dedicated to compliance reporting and
10 was later promoted to Manager, Regulatory Affairs effective June 2018. In my
11 current position, I am responsible for overseeing various reporting requirements to
12 ensure Evergy is compliant with its jurisdictional rules and regulations, in addition
13 to the implementation of new reporting or commitments resulting from various rate
14 case orders and other regulatory filings. In addition, I oversee the coordination,
15 review and filing of the various rider mechanisms.

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

19 A: Yes, I have testified before the MPSC, the Kansas Corporation Commission
20 (“KCC” or “Commission”) and have provided written testimony before the Public
21 Utilities Commission of Colorado. I have sponsored testimony in Missouri related
22 to various tariff filings involving rider mechanisms utilized by the Company. In

1 addition, I have worked closely with both MPSC and KCC Staff on numerous
2 filings and rate case matters.

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

4 A: In Case No. ER-2014-0370, Evergy Missouri Metro was authorized to implement a
5 Fuel Adjustment Clause (“FAC”). A FAC is a way to ensure that customers pay
6 only for the actual cost of fuel they use during a certain time-period rather than the
7 estimated fuel costs set in base rates. This FAC tariff filing consists of a Fuel
8 Adjustment Rate (“FAR”) for Evergy Missouri Metro. My testimony supports the
9 rate schedule filed to adjust rates for the FAC includable costs experienced during
10 the six-month period January 2020 through June 2020. This six-month period
11 represents the tenth accumulation period under Evergy Missouri Metro’s FAC,
12 which was originally approved by the Commission in Case No. ER-2014-0370
13 (“2014 Case”) and modified in Case Nos. ER-2016-0285 (“2016 Case”) and ER-
14 2018-0145 (“2018 Case”). The proposed FAC charge for Missouri residential
15 customers is \$0.00053 per kWh. Based on usage of 1,000 kWh per month, the
16 customer will see a monthly charge of \$0.53. This represents an increase of \$0.42
17 to an Evergy Missouri Metro residential customer’s monthly bill compared to the
18 prior FAC.

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

21 A: The Commission’s rule governing fuel and purchased power cost recovery
22 mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8)(A) –
23 requires Evergy Missouri Metro to make periodic filings to allow the Commission

1 to review the actual net FAC includable costs the Company has incurred and to
2 allow rates to be adjusted, either up or down, to reflect those actual costs. The
3 Commission’s rule requires at least one such review and adjustment each year.
4 Evergy Missouri Metro’s approved FAC calls for two annual filings – one filing
5 covering the six-month accumulation period running from January through June
6 and another filing covering the accumulation period running from July through
7 December. Any increases or decreases in rates in these filings are then included in
8 the customers’ bills over a subsequent 12-month recovery period.

9 For the tenth accumulation period covering the period of January 2020
10 through June 2020, Evergy Missouri Metro’s actual FAC includable costs exceeded
11 the base energy costs included in base rates by approximately \$3.0 million, a
12 decrease of roughly \$1.0 million compared to the prior ninth accumulation period
13 of July 2019 through December 2019. In accordance with the Commission’s rule
14 and Evergy Missouri Metro’s approved FAC, Evergy Missouri Metro is filing the
15 FAC tariff that provides for a change in rates to recover 95% of those cost changes,
16 or approximately \$2.8 million before interest.

17 In addition, a true-up filing is being made concurrent with this filing
18 covering the seventh accumulation period of July 2018 through December 2018
19 and its corresponding recovery period of April 2019 through March 2020. The
20 proposed seventh accumulation period true-up amount is an over-recovery of \$1.9
21 million. This amount offsets the tenth accumulation period costs of \$2.8 million
22 plus interest of \$27,453 for a total tenth accumulation period Fuel and Purchased
23 Power Adjustment (“FPA”) of approximately \$1.0 million.

1 **Q: What are some of the drivers impacting this semi-annual FAC filing?**

2 A: Evergy Missouri Metro's Actual Net Energy Costs ("ANEC") are \$17.8 million
3 lower in the tenth accumulation period as compared to the previous ninth
4 accumulation period primary due to a decrease in fuel expense of \$29.8 million.
5 Fuel costs were lower in the tenth accumulation period due to less demand driven
6 by the COVID-19 pandemic, cooler spring weather and a couple of plant outages.
7 The tenth accumulation period of January through June 2020 is naturally cooler
8 than the previous ninth accumulation period of July through December 2019. April
9 and May were both 37% cooler than normal. Also, purchased power expense was
10 favorable by 2% or \$1.9 million compared to the previous accumulation period.
11 These amounts are offset by a significant decrease in off-system sales revenue in
12 the tenth accumulation period as less generation was available to sell to Southwest
13 Power Pool ("SPP") Integrated Marketplace which offsets FAC includable costs.
14 During the tenth accumulation period, there was 34% less generation, excluding
15 Wolf Creek, which resulted in less excess generation to sell amounting to a 26%
16 decrease in off-system sales revenues or a decrease of \$13.8 million compared to
17 the prior ninth accumulation period. Lastly, Evergy Missouri Metro experienced a
18 couple of plant outages during this tenth accumulation period as Iatan 1 was offline
19 for most of January and Hawthorn was offline for most of the month of June.

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

22 A: Yes. There are a couple of items to note. First, this accumulation period includes
23 \$27,183 in credits related to Montrose generating station activity from prior

1 accumulation periods. These can be found in the workpapers on tab 8 (A) 2.A (II) –
 2 Fuel costs designated in the FAC by generating station and fuel type.

Month	Amount	Fuel Type	Description
January 2020	\$ (269)	Cost of Coal - PRB	Correction of unit train expense originally included in December 2018
February 2020	\$ (7,723)	Cost of Coal - PRB	Correction of invoice coded incorrectly to Montrose in September 2019
June 2020	\$ (19,191)	Fuel Additives	Correction of PAC expense coded incorrectly to Montrose in March 2019
Total	\$ (27,183)		

3
 4 Second, the Company has performed the plant in service accounting (“PISA”)
 5 calculations to determine the impact, if any, of this semi-annual FAR filing on the
 6 Average Overall Rate and Class Average Overall Rate for the Large Power
 7 customer class as set forth in the rule under the provisions of section 393.1655
 8 RSMo, rate cap limitations. The compound average growth rate cap provisions of
 9 section 393.1655 RSMo. applied to this FAR filing are 5.5397% for the average
 10 overall rate cap and 3.6767% for the class average overall rate cap for Large Power
 11 customers. The change in the FAC charge proposed in this filing does not exceed
 12 the average overall rate by more than 5.5397% and, as such, the provisions of
 13 section 393.1655.5 do not affect this FAR filing. In addition, the Company is using
 14 projected Large Power sales to calculate a Large Power FAC rate. In accordance
 15 with section 393.1655.6 RSMo., the proposed FAC charge applicable to Large
 16 Power customers does not exceed 3.6767% of the class average overall rate for this
 17 rate class. Therefore, there are no PISA adjustments in this FAR filing.

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

1 A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in
2 conjunction with this testimony contains all the information as set in 20 CSR 4240-
3 20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting
4 a copy of the work papers that support the determination of the current FAR.

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

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

Proposed Current Period FARs	
(\$ per kWh)	
Voltage	Rates
Transmission	\$0.00011
Substation	\$0.00011
Primary	\$0.00011
Secondary	\$0.00012

9

10 This is the difference between the base FAC includable costs and the actual costs
11 incurred by the Company including interest and adjustments during the current
12 tenth accumulation period of January 2020 through June 2020 and will be billed
13 over a recovery period running from October 2020 through September 2021.

14 The proposed FAR was calculated in the manner specified in the
15 Company's FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the
16 tariff sheet with the current FAR, the prior period FAR and the total FAR that will
17 be billed to customers over the recovery period. The FAR calculated for the eighth
18 accumulation period has been removed as its recovery period will cease in
19 September 2020. The FAR for the ninth accumulation period is added to the FAR

1 for the current tenth accumulation period to provide the annual FAR. Thus, given
2 the proposed current FAR calculations, the annual FARs for Evergy Missouri
3 Metro customers are shown in the table below:

Proposed Current Annual FARs	
(\$ per kWh)	
Voltage	Rates
Transmission	\$0.00051
Substation	\$0.00051
Primary	\$0.00051
Secondary	\$0.00053

4
5 As stated earlier, this will result in an increase of approximately \$0.42 per month
6 for residential customers using 1,000 kWh per month.

7 **Q: Please explain why the customer will see an increase in FAC on their bill when**
8 **the current period FAR for the tenth accumulation period is lower than the**
9 **previous ninth accumulation period.**

10 A: As stated earlier, the actual net energy costs to provide energy to customers has
11 decreased over the most recent accumulation period. The current period FAR for
12 the tenth accumulation period is \$0.00011 and the current period FAR for the
13 previous ninth accumulation period was \$0.00039. However, the annual FAR in
14 the ninth accumulation period included the eighth current period FAR, which was a
15 credit rate of (\$0.00028). The eighth prior period FAR has been removed from the
16 current annual FAR calculation in this filing as its recovery period will cease on
17 September 30, 2020 and has been replaced with the ninth accumulation period
18 current period FAR.

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

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

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

20 A: Yes, Evergy Missouri Metro has made six true-up filings, all of which were
21 approved by the MPSC. The seventh true-up filing is being made concurrent with
22 this semi-annual filing covering the seventh accumulation period of July 2018
23 through December 2018 and its corresponding recovery period of April 2019

1 through March 2020. The Company’s calculation of the proposed true-up resulting
2 in an over-recovery for Evergy Missouri Metro has been included in the calculation
3 of the current proposed tariff change.

4 In addition, Evergy Missouri Metro is currently in its third prudence review.
5 MPSC Staff will file its recommendation no later than August 28, 2020. In the most
6 recent completed prudence review, Case No. EO-2019-0067, MPSC Staff found
7 imprudence with Evergy Missouri Metro related to the expiration of Renewable
8 Energy Credits (“RECs”). In addition, the Office of Public Counsel (“OPC”)
9 challenged Evergy Missouri Metro’s execution of two wind purchased power
10 agreements. Following evidentiary hearings in August 2019, the Commission
11 issued a Report and Order on November 6, 2019 denying both Staff and OPC’s
12 requests for prudence adjustments related to these issues. On December 5, 2019,
13 OPC filed a Motion for Rehearing or Reconsideration on the wind purchased power
14 agreements; however, on January 8, 2020 the Commission denied OPC’s Motion.
15 In Evergy Missouri Metro’s first prudence review, the Commission issued its order
16 stating no indication of imprudence by the Company.

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

19 A: The Company requests the Commission approve the rate schedules to be effective
20 as of October 1, 2020.

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

22 A: Yes, it does.

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

P.S.C. MO. No. 7 4th Revised Sheet No. 50.31
 Canceling P.S.C. MO. No. 7 3rd Revised Sheet No. 50.31

For Missouri Retail Service Area

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, 2020 through March 31, 2021

Accumulation Period Ending:		June 30, 2020
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$126,876,763
2	Net Base Energy Cost (B)	- \$121,814,275
	2.1 Base Factor (BF)	\$0.01675
	2.2 Accumulation Period NSI (S _{AP})	7,272,494,000
3	(ANEC-B)	\$5,062,489
4	Jurisdictional Factor (J)	x 59.19973%
5	(ANEC-B)*J	\$2,996,980
6	Customer Responsibility	x 95%
7	95% *((ANEC-B)*J)	\$2,847,131
8	True-Up Amount (T)	+ (\$1,904,473)
9	Interest (I)	+ \$27,453
10	Prudence Adjustment Amount (P)	+ \$0
11	Fuel and Purchased Power Adjustment (FPA)	= \$970,111
12	Estimated Recovery Period Retail NSI (S _{RP})	÷ 8,873,489,134
13	Current Period Fuel Adjustment Rate (FAR)	= \$0.00011
14		
15	Current Period FAR _{Trans} = FAR x VAF _{Trans}	\$0.00011
16	Prior Period FAR _{Trans}	+ \$0.00040
17	Current Annual FAR _{Trans}	= \$0.00051
18		
19	Current Period FAR _{Sub} = FAR x VAF _{Sub}	\$0.00011
20	Prior Period FAR _{Sub}	+ \$0.00040
21	Current Annual FAR _{Sub}	= \$0.00051
22		
23	Current Period FAR _{Prim} = FAR x VAF _{Prim}	\$0.00011
24	Prior Period FAR _{Prim}	+ \$0.00040
25	Current Annual FAR _{Prim}	= \$0.00051
26		
27	Current Period FAR _{Sec} = FAR x VAF _{Sec}	\$0.00012
28	Prior Period FAR _{Sec}	+ \$0.00041
29	Current Annual FAR _{Sec}	= \$0.00053
30	VAF _{Trans} = 1.0129	
31	VAF _{Sub} = 1.0162	
32	VAF _{Prim} = 1.0383	
33	VAF _{Sec} = 1.0592	

Issued: July 31, 2020
 Issued by: Darrin R. Ives, Vice President

Effective: October 1, 2020
 1200 Main, Kansas City, MO 64105