Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri West
Case No.:	ER-2022-0005
Date Testimony Prepared:	July 1, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0005

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

Kansas City, Missouri
July 2021

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of 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	)))))	Case No. ER-2022-0005

<u>AFFIDAVIT OF LISA A. STARKEBAUM</u>

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 as Manager, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy consisting of thirteen (13) 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 1st day of July 2021.

Anthony 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-2022-0005

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 the 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. 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 West ("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 costs" 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 adjusted FAC includable costs experienced during the six-month period December 2020 through May 2021. This six-month period represents the 28th accumulation period under Evergy Missouri West's FAC, which was originally approved by the Commission in Case No. ER-2007-0004 ("2007 Case") and modified in Case Nos. ER-2009-0090, ER-2010-0356 ("2010 Case"), ER-2012-0175 ("2012 Case"), ER-2016-0156 ("2016 Case"), and ER-2018-0146 ("2018 Case"). The proposed FAC charge for residential customers is $0.00219 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $2.19. This represents an increase of $1.38 to an Evergy Missouri West residential customer's monthly bill compared to the prior FAC.

Q: Please explain why Evergy Missouri West 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 West 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 West's approved FAC calls for two annual filings – one filing covering the six-month accumulation period running from June through November and another filing covering the accumulation period running from December through May. 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 28th accumulation period covering December 2020 through May 2021, Evergy Missouri West's "adjusted" actual FAC includable costs exceeded the base energy costs included in base rates by approximately $9.6 million. In accordance with the Commission's rule and the Company's approved FAC, Evergy Missouri West is filing the FAC tariff that provides for a change in rates to recover 95% of those cost changes, or approximately $9 million before interest and ordered adjustments.

In addition, a true-up filing is being made concurrent with this filing covering the 25th accumulation period of June through November 2019 and its corresponding recovery period of March 2020 through February 2021. The proposed 25th accumulation period true-up amount is an under-collection of $570,233. Also included in this filing is an Ordered Adjustment ("OA") amounting to a credit of $984,898, plus interest. These amounts combined result in a total 28th accumulation period Fuel and Purchased Power Adjustment ("FPA") of approximately $8.7 million.

Q: Please explain why Evergy Missouri West 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 28th accumulation period covering December 2020 through May 2021, Actual Net Energy Costs ("ANEC") incurred amounted to $304.7 million over base rates, or $303.6 million Missouri jurisdictional. Under normal circumstances, Evergy Missouri West would include 95% of these cost differences, or $288.4 million (before true-up, interest and ordered adjustments), for recovery in its semi-annual Fuel Adjustment Rate ("FAR") filing, subject to the provisions of Missouri law provided in Section 393.1655.5 relating to PISA rate cap limitations. In this instance, approximately $78.4 million of the $288.9 million in costs (after true-up an adjustments) identified by the Company related to Winter Storm Uri, could be included in this FAR filing and still be within the rate caps imposed by Section 393.1655.5. Under PISA legislation, the remaining $210.5 million would be recorded to a deferred PISA regulatory asset account arising under Section 393.1400 and included for consideration and recovery through an amortization in base rates in the Company's next general rate case. If Evergy Missouri West were to include $78.4 million for recovery in this FAR filing, that would result in a significant increase of $11.08 per month to an average residential customers' bill.

Q: Is Evergy Missouri West's FAC mechanism and the provisions of the Fuel and Purchased Power Rate Adjustment Mechanism ("FAC Rule") found in 20 CSR 4240-2.090 the appropriate method to address the extraordinary costs and revenues resulting from Winter Storm Uri?

A: No. The Company does not believe that it is in customers best interests to utilize the FAC mechanism currently in place for the recovery of these extraordinary costs.

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: Does the Company have a winter weather regulatory asset?

A: No, not at this time. On June 30, 2021, the Company filed its application for an Accounting Authority Order ("AAO") in Case No. EU-2021-0283, seeking authorization to track and defer for future recovery in a regulatory asset extraordinary costs related to the 2021 winter weather event. Company witnesses Darrin R. Ives and Ronald A. Klote are sponsoring testimony in this case explaining in more detail the extraordinary impact of Winter Storm Uri and Evergy's proposal for recovery of these costs.

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

A: In order to identify the extraordinary costs associated with Winter Storm Uri, Evergy Missouri West 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 Missouri West incurred approximately $297.3 million of extraordinary costs in excess of the three-year average. This amount has been excluded from the FAR calculation and is the amount that Evergy will request to be deferred through the AAO. The three-year historic average baseline replaces the February 2021 actual costs in this six-month accumulation period of December 2020 through May 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.

Q: Please explain the Ordered Adjustment included in this filing.

A: In Evergy Missouri Wests ninth FAC prudence review, Case No. EO-2020-0262, the Company agreed to remove Sibley retirement costs included in accumulation period 23 (File No. ER-2019-0198) from its FAC calculation through an Ordered

Adjustment of $1,039,646, or $984,898 Missouri jurisdictional and 95% sharing applied. Evergy Missouri West agreed to remove the $984,898, with interest, from the FAC in its first fuel adjustment filing following a Commission order approving the agreement. The Commissions' *Order Approving Partial Stipulation and Agreement* was issued on January 20, 2021 with an effective date of January 30, 2021. Therefore, this amount, with interest, has been included in this FAR filing. The additional interest calculation of $53,550 is provided in the workpaper support.

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

A: Yes. There are a couple of items to note.

First, the supporting documentation provided reflects the actual costs incurred by the Company and have not been adjusted for Winter Storm Uri (tabs 8(A)2.A (I-V)). Additional workpaper support has been provided in a separate tab to show the calculation of the February three-year average baseline included in the FPA. This detail ties back to tab 8(A)2.A(XI) - Extraordinary costs not to be passed through.

Second, after removing the extraordinary costs associated with Winter Storm Uri, the Company performed the plant in service accounting ("PISA") calculations to determine the impact, if any, of this adjusted 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 annual growth rate ("CAGR") cap provisions of section 393.1655 RSMo. applied to this FAR filing are 8.4356% for the average overall rate cap and 5.5735% 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 8.4356% 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 5.5735% 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 workpapers 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 West Large Power and Non-Large Power customers by voltage level is shown below:

Proposed Current Period FARs	
Voltage	**($ per kWh)**
Secondary	$0.00102
Primary	$0.00101
Substation	$0.00099
Transmission	$0.00099

This is the difference between base FAC includable costs and the proposed costs incurred by the Company including interest during the 28th accumulation period of December 2020 through May 2021 and will be billed over the recovery period running from September 2021 through August 2022.

The proposed FAR was calculated in the manner specified in the Company's FAC tariff. 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 26th accumulation period has been removed as its recovery period will cease in August 2021. The FAR for the 27th accumulation period is added to the FAR for the current 28th accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR for Evergy Missouri West Large Power and Non-Large Power customers is shown in the table below:

Proposed Current Annual FARs	
Voltage	**($ per kWh)**
Secondary	$0.00219
Primary	$0.00216
Substation	$0.00212
Transmission	$0.00212

As stated earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC charge of $0.00219, an increase to an Evergy Missouri West residential customer's bill of $1.38 per month compared to the prior FAC.

Q: If the rate schedules filed by Evergy Missouri West 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 West actually incurred during the Accumulation Period?

A: Evergy Missouri West'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 West'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 2007 Case?

A: Yes, Evergy Missouri West has been through eight prudence reviews to date. In the Company's current ninth prudence review, Case No. EO-2020-0262, an Ordered Adjustment was stipulated by parties amounting to $1,039,646, or $984,898 Missouri jurisdictional and 95% sharing applied. A Commission order was received effective January 30, 2021. As such, this adjustment has been included in this FAR filing to comply with the agreement reached. This adjustment is discussed earlier in my testimony on page 7 beginning at line 20.

In all previous prudence reviews, the MPSC Staff indicated in each of their reports that there were no areas of imprudence identified within the audits with the exception of Staff's recommendation in the Company's third prudence review which was taken before the Commission. However, following the Commission's review, the Commission issued its order stating no indication of imprudence by the Company.

In addition, the Company has made 24 true-up filings, all of which were approved by the MPSC. The 25th true-up filing is being made concurrent with this filing covering the 25th accumulation period of June through November 2019 and its corresponding recovery period of March 2020 through February 2021. The Company's calculation of the proposed true-up resulting in an under-recovery for Evergy Missouri West has been included in the calculation of the current proposed tariff change.

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

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

Q: Does this conclude your testimony?

A: Yes, it does.

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
(Applicable to Service Provided December 6, 2018 and Thereafter,
Effective for the Billing Months of September 2021 through February 2022)

Accumulation Period Ending: **May 2021**			
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$102,054,285
2	Net Base Energy Cost (B)	-	$92,478,783
	2.1 Base Factor (BF)		$0.02240
	2.2 Accumulation Period NSI (S_{AP})		4,128,517,084
3	(ANEC-B)		$9,575,502
4	Jurisdictional Factor (J)	x	99.580833%
5	(ANEC-B)*J		$9,535,365
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		$9,058,597
8	True-Up Amount (T)	+	$570,233
9	Interest (I)	+	$21,160
10	Prudence Adjustment Amount (P)	+	($984,898)
11	Fuel and Purchased Power Adjustment (FPA)	=	$8,665,092
	11.1 PISA Deferral (Sec. 393.1400)		$0
	11.2 FPA Subject to Recover in True-Up		$8,665,092
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,845,063,903
13	**Current Period Fuel Adjustment Rate (FAR)**	**=**	**$0.00098**
14	Current Period FAR_{Sec} = FAR x VAF_{Sec}		$0.00102
15	Prior Period FAR_{Sec}	+	$0.00117
16	Current Annual FAR_{Sec}	=	$0.00219
17	Current Period FAR_{Prim} = FAR x VAF_{Prim}		$0.00101
18	Prior Period FAR_{Prim}	+	$0.00115
19	Current Annual FAR_{Prim}	=	$0.00216
20	Current Period FAR_{Sub} = FAR x VAF_{Sub}		$0.00099
21	Prior Period FAR_{Sub}	+	$0.00113
22	Current Annual FAR_{Sub}	=	$0.00212
23	Current Period FAR_{Trans} = FAR x VAF_{Trans}		$0.00099
24	Prior Period FAR_{Trans}	+	$0.00113
25	Current Annual FAR_{Trans}	=	$0.00212
26	VAF_{Sec} = 1.0426		
27	VAF_{Prim} = 1.0268		
28	VAF_{Sub} = 1.0133		
29	VAF_{Trans} = 1.0100		