Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri West
Case No.:	ER-2023-0210
Date Testimony Prepared:	December 30, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2023-0210

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

Kansas City, Missouri
December 2022

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-2023-0210

<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 _twelve_ (12) 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 December 2022.

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-2023-0210

Q: Please state your n ame 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 Metro, Inc. as Manager, Regulatory Affairs for Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("EMM"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("EMW"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a Evergy Kansas Central ("Evergy Kansas Central"). These are the operating utilities of Evergy, Inc.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of EMW ("Company").

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. My testimony supports the rate schedule filed to adjust rates for the adjusted FAC includable costs experienced during the six-month period June 2022 through November 2022. This six-month period represents the 31st 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").[1] After deferring $47.9 million to the PISA regulatory asset deferral account for consideration in a subsequent general rate case, the basis for which deferral is discussed in greater detail by Mr. Darrin Ives, the proposed FAC charge

[1] The 2022 general rate case, ER-2022-0130, will be effective in January 2023 during the six-month period of December 2022 through May 2023 representing the 32nd accumulation period.

for residential customers is $0.01348 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $13.48. This represents an increase of $1.10 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 31st accumulation period covering June 2022 through November 2022, Evergy Missouri West's actual FAC includable costs exceeded the base energy costs included in base rates by approximately $107 million. In accordance with the Commission's rule and the Company's approved FAC, Evergy Missouri West has calculated the FAC tariff that provides for a change in rates to recover

95% of those cost changes, or approximately $101.5 million plus $2.5 million in interest. These amounts are before true-up or any other adjustments.

In addition, a true-up filing is being made concurrent with this filing covering the 28th accumulation period of December 2020 through May 2021 and its corresponding recovery period of September 2021 through August 2022. The proposed 28th accumulation period true-up amount is an under-recovery of $220,443. Also included in this true-up filing is an ordered adjustment, or refund, of ($48,796) related to Missouri West's tenth FAC prudence review, Case No. EO-2022-0065. These amounts combined result in a total under-recovered true-up amount of $171,647. Prior to any further adjustment, these amounts combined result in a total FPA of $104.2 million.

Finally, due to the magnitude of actual net energy costs experienced in this accumulation period and as a result of performing the PISA cap tests, Evergy Missouri West is deferring approximately $47.9 million of fuel and purchased power costs to a PISA regulatory asset account for consideration in a subsequent general rate proceeding as prescribed in Section 363.1655.

In summary, all of these amounts combined result in a proposed FPA of approximately $56.3 million. The tariff being submitted with this filing reflects recovery of these FAC-related costs in the fuel adjustment rate effective March 1, 2023.

Q: What are some of the drivers impacting this 31st accumulation period?

A: Evergy Missouri West's Actual Net Energy Costs ("ANEC"), exceeds the base energy costs included in base rates by approximately $107 million.

When compared to the prior 30th accumulation period, the ANEC are $70.7 million higher in the 31st accumulation period than the previous 30th accumulation period. This is due to a $52.8 million, or 314%, increase in fuel costs and a $49 million, or 40%, increase in purchased power expense offset by a $31 million increase in off-system sales revenue.

The 31st accumulation period of June through November typically has higher retail load requirements than the previous 30th accumulation period of December through May. Weather was 16% warmer than normal by 205 cooling degree days, resulting in a 10% increase in retail load demand over the 30th accumulation period. This contributed to more generation from peak units which were impacted by higher natural gas prices. For June through November 2022, the published NYMEX natural gas contract settlement price averaged $7.59, which is 38% higher than the $5.48 averaged in 30th accumulation period and 68% higher than the $4.51 averaged for the same June through November time period in 2021, or the 29th accumulation period. Lastly, the higher natural gas prices contributed to the increase in off-system sales revenue.

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

A: On September 14, 2022, regarding the Company's tenth prudence review, Case No. EO-2022-0065, the Commission approved the Non-Unanimous Partial Stipulation and Agreement filed on July 25, 2022 where the Company agreed, with no admission of imprudence, to a one-time FAC adjustment of $48,796 for 2017 vintage expired RECs.

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

A: Yes.

The Company performed the plant in service accounting ("PISA") calculations to determine the impact, if any, on the Average Overall Rate and Class Average Overall Rate for the Large Power customer class as set forth in section 393.1655 RSMo, rate cap limitations. Base revenues have been updated with the results from the Company's most recent 2022 general rate case (Case No. ER-2022-0130) as these amounts will be effective on March 1, 2023, with the effective date of the proposed FARs in this filing. The compound annual growth rate ("CAGR") cap provisions of section 393.1655 RSMo. applied to this FAR filing are 13.3372% for the average overall rate cap and 8.7474% for the class average overall rate cap for Large Power customers. The FAC charge proposed in this filing does exceed the average overall rate by more than 13.3372% allowed in the cap provisions Therefore, the Company has removed $47,898,201 from recovery through the FAC and has included this amount in a PISA regulatory asset for consideration in a future general rate proceeding.

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 exceed 8.7474% of the class average overall rate cap for this rate class. Therefore, the Company has limited the increase in the FAC charge applicable to Large Power customers to the 2 percent CAGR of the class average overall rate or $13.7 million. The exceedance of the 2 percent CAGR cap results in $1,439,335 being redistributed to the Non-Large Power customer classes for recovery in this 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	**Large Power**	**Non-Large Power**
Secondary	$0.00597	$0.00683
Primary	$0.00588	$0.00673
Substation	$0.00581	$0.00664
Transmission	$0.00579	$0.00662

This is the difference between base FAC includable costs and the costs incurred by the Company including interest during the 31st accumulation period of June 2022 through November 2022 and will be billed over the recovery period running from March 2023 through August 2023.

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 29th accumulation period has been removed as its recovery period will cease in February 2023. The FAR for the 30th accumulation period is added to the FAR for the current 31st 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	**Large Power**	**Non-Large Power**
Secondary	$0.00763	$0.01348
Primary	$0.00751	$0.01328
Substation	$0.00742	$0.01310
Transmission	$0.00740	$0.01306

As stated earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC charge of $13.48, an increase to an Evergy Missouri West residential customer's bill of $1.10 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 completed ten prudence reviews.

As mentioned previously, on September 14, 2022, in the Company's tenth prudence review, Case No. EO-2022-0065, the Commission approved the Non-Unanimous Stipulation and Agreement filed on July 25, 2022 where the Company agreed, with no admission of imprudence, to a one-time FAC adjustment of $48,796 for 2017 vintage expired RECs within the 31st accumulation period. Also, as agreed to in this stipulation and agreement, the Company is providing its confidential Renewable Energy Certificate Procedures Manual documenting the REC sales procedure implemented in 2022 with its workpapers for this filing and will describe any changes made to the procedure in future FAR filings.

On May 4, 2022, in the Company's ninth prudence review, Case No. EO-2020-0262, the Commission issued its Report and Order finding Evergy was imprudent by not utilizing demand response programs to reduce energy costs for its customers during the review period of June 2018 through November 2019. Therefore, the Company refunded the amount of $160,892 plus interest of $10,613 in the 30th accumulation period filing, Case No. ER-2023-0011. Also in the ninth prudence review, on January 20, 2021 an Ordered Adjustment for Sibley retirement costs was stipulated by parties amounting to $1,039,646, or $984,898 Missouri jurisdictional with 95% sharing applied. Based on the agreement by parties, rather than recovering this amount through the FAC, the Company recorded the $1,039,646 in retirement costs to the Sibley AAO account for consideration in the 2022 general rate case, Case No. ER-2022-0130, and refunded the amount of $984,898 plus interest of $53,550 in the 28th accumulation period FAR filing, Case No. ER-2022-0005.

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 27 true-up filings, all of which were approved by the MPSC. The 28th true-up filing is being made concurrent with this filing covering the 28th accumulation period of December 2020 through May 2021 and its corresponding recovery period of September 2021 through August 2022. 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 March 1, 2023.

Q: Does this conclude your testimony?

A: Yes, it does.

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

P.S.C. MO. No. 1 9th Revised Sheet No. 127.23

Canceling P.S.C. MO. No. 1 8th Revised Sheet No. 127.23

For Missouri Retail Service Area

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 March 2023 through August 2023)

Accumulation Period Ending:	**November 2022**		Missouri West	Large Power	Non-LP
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$213,325,427		
2	Net Base Energy Cost (B)	-	$106,268,999		
	2.1 Base Factor (BF)		$0.02240		
	2.2 Accumulation Period NSI (S_{AP})		4,744,151,719		
3	(ANEC-B)		$107,056,428		
4	Jurisdictional Factor (J)	x	99.792852%		
5	(ANEC-B)*J		$106,834,663		
6	Customer Responsibility	x	95%		
7	95% *((ANEC-B)*J)		$101,492,930		
8	True-Up Amount (T)	+	$220,443		
9	Interest (I)	+	$2,512,670		
10	Prudence Adjustment Amount (P)	+	($48,796)		
11	Fuel and Purchased Power Adjustment (FPA)	=	$104,177,247		
	11.1 PISA Deferral (Sec. 393.1400)		($47,898,201)		
	11.2 FPA Subject to Recover in True-Up		$56,279,046	$13,753,084*	$42,525,962
12	Estimated Recovery Period Retail NSI (S_{RP})	÷		2,398,891,792	6,487,601,959
13	**Current Period Fuel Adjustment Rate (FAR)**	**=**		$0.00573	$0.00655
14	Current Period FAR_{Sec} = FAR x VAF_{Sec}			$0.00597	$0.00683
15	Prior Period FAR_{Sec}	+		$0.00166	$0.00665
16	Current Annual FAR_{Sec}	=		$0.00763	$0.01348
17	Current Period FAR_{Prim} = FAR x VAF_{Prim}			$0.00588	$0.00673
18	Prior Period FAR_{Prim}	+		$0.00163	$0.00655
19	Current Annual FAR_{Prim}	=		$0.00751	$0.01328
20	Current Period FAR_{Sub} = FAR x VAF_{Sub}			$0.00581	$0.00664
21	Prior Period FAR_{Sub}	+		$0.00161	$0.00646
22	Current Annual FAR_{Sub}	=		$0.00742	$0.01310
23	Current Period FAR_{Trans} = FAR x VAF_{Trans}			$0.00579	$0.00662
24	Prior Period FAR_{Trans}	+		$0.00161	$0.00644
25	Current Annual FAR_{Trans}	=		$0.00740	$0.01306
26	VAF_{Sec} = 1.0426				
27	VAF_{Prim} = 1.0268				
28	VAF_{Sub} = 1.0133				
29	VAF_{Trans} = 1.0100				

*In accordance with Section 393.1655.6, the Current Period Fuel Adjustment Rate (FAR) is calculated by limiting the Fuel and Purchased Power Adjustment (FPA) to 2% per annum for the Large Power rate class beginning December 6, 2018. Non-LP includes all other rate classes.