Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2022-0206
Date Testimony Prepared: January 31, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0206

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

Kansas City, Missouri
January 2022

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-2022-0206

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

Lisa A. Starkebaum

Subscribed and sworn to before me this 31st day of January 2022.

Notary Public

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

My Commission expires:

4/26/2025

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2022-0206

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 updated 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 adjusted FAC includable costs experienced during the six-month period July through December 2021. This six-month period represents the 13th 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 ($0.00071) per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly credit of ($0.71). This represents a decrease of $0.30 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 13th accumulation period covering the period of July through December 2021, Evergy Missouri Metro's "adjusted" actual FAC includable costs were $2,557,808 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 $2,429,918 before interest.

In addition, a true-up filing is being made concurrent with this filing covering the 10th accumulation period of January through June 2020 and its corresponding recovery period of October 2020 through September 2021. Evergy Missouri Metro's 10th recovery period produces a total true-up amount of $2,224,850 to be refunded to customers. Interest included in this FAR filing is also a credit of $33,243, which results in a total 13th accumulation period Fuel and Purchased Power Adjustment ("FPA") credit or refund to customers of approximately $4.7 million.

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

A: The Company expected adjustments to the previously reported impact of Winter Storm Uri due to resettlements of both costs and revenues from the Southwest Power

Pool ("SPP"). As explained in the Company's last FAR filing, in order to identify the extraordinary costs 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, with costs and revenues updated through December 2021 resulting from SPP resettlements, Evergy Metro's (Total Company) actual energy costs and off-system sales for February 2021 were approximately $45.6 million less than the February 2018-2020 average. This amounts to an $11.1 million reduction from the $56.8 million identified and excluded from the previous 12th accumulation period, Case No. ER-2022-0025, which was requested for deferral through an AAO in Case No. EU-2021-0283. This $11.1 million reduction in Winter Storm Uri AAO credits has been reflected in the current 13th accumulation period FAR calculation as a reduction in costs passed through to customers in the FAC to be included in the Company's proposed AAO request. These adjustments are detailed in the workpaper support that accompanies this filing.

Q: Is this the final adjustment to February 2021 actual costs incurred as a result of Winter Storm Uri?

A: While the Company believes that the majority of the resettlements have likely occurred through December 2021, it is unclear at this time if the adjustments made to date are final. There could be future SPP resettlements if SPP determines that further adjustments are necessary.

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

A: As mentioned earlier, this FAR filing includes \$11.1 million of additional credits due to resettlements of Metro's (Total Company) February 2021 related to Winter Storm Uri in June, August and December 2021. The 10th true-up filing includes the June resettlement of \$4.7 million (Total Company Metro) or \$2.4 after Missouri jurisdictional allocation and 95% customer share. The August and December resettlements of \$6.4 million are included in the 13th accumulation period adjusted Actual Net Energy Costs ("ANEC").

The adjusted ANEC is lower than the base energy costs included in base rates by approximately \$4.5 million. When compared to the prior 12th accumulation period, the ANEC is \$7 million higher in the 13th accumulation period than in the previous 12th accumulation period due to a 14% increase in purchased power expense of \$12.2 million. Fuel costs are also higher in the 13th accumulation period by \$11.5 million. For the second half of the year, the published natural gas contract settlement price averaged \$4.92, which is 78% higher than the \$2.76 averaged earlier in the year. Also, the 13th accumulation period had an 8% increase in load requirements due to 16% warmer than normal summer weather. Lastly, the Company experienced a 25% increase in off-system sales revenue of \$16.9 million compared to the 12th accumulation period which offsets the increase in costs.

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 in Tabs 8(A)2.A (I-V) reflects the actual costs incurred by the Company and have not been adjusted for Winter Storm Uri. Tab 8(A)2.A(XI) shows Winter Storm Uri extraordinary amounts not to be passed through as adjusted in June, August and December 2021.

Second, 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 10.3145% for the average overall rate cap and 6.7953% 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 10.3145% 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 6.7953% 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	($0.00054)
Substation	($0.00054)
Primary	($0.00055)
Secondary	($0.00056)

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 13th accumulation period of July through December 2021 and will be billed over a recovery period running from April 2022 through March 2023.

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 eleventh accumulation period has been removed as its recovery period will cease in March 2022. The FAR for the 12th accumulation period is added to the FAR for the current 13th 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	($0.00068)
Substation	($0.00068)
Primary	($0.00070)
Secondary	($0.00071)

As stated earlier, this will result in a decrease of approximately $0.30 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 nine true-up filings, all of which were approved by the MPSC. The 10th true-up filing is being made concurrent with this semi-annual filing covering the 10th accumulation period of January through June 2020 and its corresponding recovery period of October 2020 through September 2021. The Company's calculation of the proposed true-up resulting in a refund to customers for Evergy Missouri Metro has been included in the calculation of the current proposed tariff change.

In the first and second prudence reviews, the MPSC Staff indicated in each of their reports that there were no areas of imprudence identified within the audits. In the Company's third prudence review, Case No. EO-2020-0262, an Ordered Adjustment was stipulated by parties amounting to $199,104. This adjustment was included in the 11th accumulation period FAR filing, Case No. ER-2021-0244. The Company is still awaiting a Commission Order on the remaining issues disputed in that prudence review case. In addition, Staff initiated the fourth Evergy Metro prudence review on September 1, 2021 in Case No. EO-2022-0064 covering the period of January 2020 through June 2021. Staff's Report & Recommendation is due by February 28, 2022 in that case.

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 April 1, 2022.

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 April 1, 2022 through September 30, 2022

Accumulation Period Ending:			December 31, 2021
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$130,296,820
2	Net Base Energy Cost (B)	-	$134,851,319
	2.1 Base Factor (BF)		$0.01675
	2.2 Accumulation Period NSI (S_{AP})		8,050,825,000
3	(ANEC-B)		($4,554,499)
4	Jurisdictional Factor (J)	x	56.160035%
5	(ANEC-B)*J		($2,557,808)
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		($2,429,918)
8	True-Up Amount (T)	+	($2,224,850)
9	Interest (I)	+	($33,243)
10	Prudence Adjustment Amount (P)	+	
11	Fuel and Purchased Power Adjustment (FPA)	=	($4,688,011)
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,855,390,805
13	Current Period Fuel Adjustment Rate (FAR)	=	($0.00053)
14			
15	Current Period FAR_{Trans} = FAR x VAF_{Trans}		($0.00054)
16	Prior Period FAR_{Trans}	+	($0.00014)
17	Current Annual FAR_{Trans}	=	($0.00068)
18			
19	Current Period FAR_{Sub} = FAR x VAF_{Sub}		($0.00054)
20	Prior Period FAR_{Sub}	+	($0.00014)
21	Current Annual FAR_{Sub}	=	($0.00068)
22			
23	Current Period FAR_{Prim} = FAR x VAF_{Prim}		($0.00055)
24	Prior Period FAR_{Prim}	+	($0.00015)
25	Current Annual FAR_{Prim}	=	($0.00070)
26			
27	Current Period FAR_{Sec} = FAR x VAF_{Sec}		($0.00056)
28	Prior Period FAR_{Sec}	+	($0.00015)
29	Current Annual FAR_{Sec}	=	($0.00071)
30	VAF_{Trans} = 1.0129		
31	VAF_{Sub} = 1.0162		
32	VAF_{Prim} = 1.0383		
33	VAF_{Sec} = 1.0592		