

Exhibit No.:  
Issue: Fuel Adjustment Clause  
Witness: Lisa A. Starkebaum  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Evergy Missouri Metro  
Case No.: ER-2023-0245  
Date Testimony Prepared: January 31, 2023

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2023-0245**

**DIRECT TESTIMONY**

**OF**

**LISA A. STARKEBAUM**

**ON BEHALF OF**

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

**Kansas City, Missouri  
January 2023**

**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-2023-0245

**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 2023.

*Anthony R. Westenkirchner*  
\_\_\_\_\_  
Notary Public

My Commission expires:

4/26/2025



**DIRECT TESTIMONY**

**OF**

**LISA A. STARKEBAUM**

**Case No. ER-2023-0245**

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 Metro, Inc., as Manager, Regulatory Affairs for Evergy  
6 Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”), Evergy Missouri West, Inc. d/b/a  
7 Evergy Missouri West (“EMW”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro  
8 (“Evergy Kansas Metro”), and Evergy Kansas Central, Inc. and Evergy Kansas South,  
9 Inc., collectively d/b/a Evergy Kansas Central (“Evergy Kansas Central”). These are  
10 the operating utilities of Evergy, Inc.

11 **Q: On whose behalf are you testifying?**

12 A: I am testifying on behalf of EMM.

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

14 A: My responsibilities include the coordination, preparation and review of financial  
15 information and schedules associated with the compliance and rider mechanism tariff  
16 filings for the above-mentioned operating utilities of Evergy, Inc.

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

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

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

2 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department  
3 assisting with month-end close and reporting responsibilities. In 1997, I joined  
4 Aquila, Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting  
5 group as an Accountant, until joining Regulatory Accounting Services as a Regulatory  
6 Analyst in 1999. I was employed by Aquila for a total of 11 years prior to beginning  
7 my employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc.,  
8 by Great Plains Energy Incorporated. Since that time, I have held various positions  
9 with increasing responsibilities within Regulatory Accounting Services and  
10 Regulatory Affairs. As a Lead Analyst in the Regulatory Affairs department, my main  
11 areas of responsibility included the preparation of FERC and jurisdictional reporting,  
12 and the preparation of rate cases and rate case support for both KCP&L and GMO. In  
13 December 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing  
14 a team dedicated to compliance reporting and was later promoted to Manager,  
15 Regulatory Affairs effective June 2018. In my current position, I am responsible for  
16 overseeing various reporting requirements to ensure Evergy is compliant with its  
17 jurisdictional rules and regulations, in addition to the implementation of new reporting  
18 or commitments resulting from various rate case orders and other regulatory filings.  
19 In addition, I oversee the coordination, review and filing of the various rider  
20 mechanisms.

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

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

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

8 A: The purpose of my testimony is to support the Fuel Adjustment Clause (“FAC”) that  
9 has been filed by Evergy Missouri Metro (“Company”). This FAC tariff filing consists  
10 of a Fuel Adjustment Rate (“FAR”) calculated using actual fuel and purchased power  
11 costs, net of off-system sales revenues incurred by the Company. My testimony  
12 supports the rate schedule filed to adjust rates for the FAC includable costs  
13 experienced during the six-month period July through December 2022. This six-  
14 month period represents the 15th accumulation period under Evergy Missouri Metro’s  
15 FAC, which was originally approved by the Commission in Case No. ER-2014-0370  
16 (“2014 Case”) and modified in Case Nos. ER-2016-0285 (“2016 Case”) and ER-2018-  
17 0145 (“2018 Case”). The proposed FAC charge for Missouri residential customers is  
18 a charge of \$0.00096 per kWh. Based on usage of 1,000 kWh per month, the customer  
19 will see a monthly charge of \$0.96. This represents an increase of \$4.45 to an Evergy  
20 Missouri Metro residential customer’s monthly bill compared to the the current  
21 monthly FAC credit of (\$3.49).

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

1 A: The Commission’s rule governing fuel and purchased power cost recovery  
2 mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8)(A) – requires  
3 Evergy Missouri Metro to make periodic filings to allow the Commission to review  
4 the actual net FAC includable costs the Company has incurred and to allow rates to be  
5 adjusted, either up or down, to reflect those actual costs. The Commission’s rule  
6 requires at least one such review and adjustment each year. Evergy Missouri Metro’s  
7 approved FAC calls for two annual filings – one filing covering the six-month  
8 accumulation period running from January through June and another filing covering  
9 the accumulation period running from July through December. Any increases or  
10 decreases in rates in these filings are then included in the customers’ bills over a  
11 subsequent 12-month recovery period.

12 For the 15th accumulation period covering the period of July through  
13 December 2022, Evergy Missouri Metro’s actual FAC includable costs were  
14 \$9,754,999 higher than the base energy costs included in base rates. In accordance  
15 with the Commission’s rule and Evergy Missouri Metro’s approved FAC, Evergy  
16 Missouri Metro is filing the FAC tariff that provides for a change in rates to collect  
17 95% of those cost changes, or \$9,267,249 before interest, true-up and other  
18 adjustments.

19 In addition, a true-up filing is being made concurrent with this filing covering  
20 the 12th accumulation period of January through June 2021 and its corresponding  
21 recovery period of October 2021 through September 2022. The proposed 12th  
22 accumulation period true-up amount results in a credit of (\$278,946) to be refunded to  
23 customers. Also included in this true-up filing is an ordered adjustment, or refund, of

1 (\$703,825) and additional interest of (\$28,134) related to the Company's fourth FAC  
2 prudence review, Case No. EO-2022-0064 resulting in a total 12<sup>th</sup> accumulation period  
3 true-up amount of (\$1,010,906). Additionally, the 15th accumulation period interest  
4 included in this FAR filing is a credit of (\$376,675).

5 In summary, all of these amounts combined result in a proposed Fuel and  
6 Purchased Power Adjustment ("FPA") of \$7,879,669 to be collected from customers.

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

8 A: Evergy Missouri Metro's Actual Net Energy Costs ("ANEC") exceeds the base  
9 energy costs included in base rates by approximately \$9.7 million. When compared to  
10 the prior 14th accumulation period, the ANEC is \$24.5 million higher in the 15th  
11 accumulation period than in the previous 14th accumulation period. This is due to a  
12 \$59.5 million increase in fuel due in part to Wolf Creek being offline for refueling.  
13 Purchased power expense increased by \$4.1 million driven by warmer weather. These  
14 expenses are offset by a 31% or \$39.3 million increase in off-system sales revenues.  
15 For the second half of 2022, the published NYMEX natural gas contract settlement  
16 price averaged \$7.23, which is 19% higher than the \$6.06 averaged during the first  
17 half of 2022 and 47% higher than the same July through December time period in  
18 2021. In addition to the overall cost increases experienced during this 15<sup>th</sup>  
19 accumulation period, it should also be noted that the refund to customers for Winter  
20 Storm Uri net revenues rolled off during the last accumulation period which is also  
21 contributing to the increase in the Current Annual FAR in this filing.

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

1 A: On September 14, 2022, regarding the Company’s fourth prudence review, Case No.  
2 EO-2022-0064, the Commission approved the Non-Unanimous Partial Stipulation and  
3 Agreement filed on July 25, 2022 where the Company agreed, with no admission of  
4 imprudence, to a one-time FAC adjustment of (\$703,825) for 2017 vintage expired  
5 RECs. The additional interest calculation of (\$28,134) is provided in the true-up  
6 workpaper support.

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

9 A: Yes, the Company performed the plant in service accounting (“PISA”) calculations to  
10 determine the impact, if any, on the Average Overall Rate and Class Average Overall  
11 Rate for the Large Power customer class as set forth in the section 393.1655 RSMo,  
12 rate cap limitations. The compound average growth rate (“CAGR”) cap provisions of  
13 section 393.1655 RSMo. applied to this FAR filing are 13.6240% for the average  
14 overall rate cap and 8.9312% for the class average overall rate cap for Large Power  
15 customers. The FAC charge proposed in this filing does not exceed the average  
16 overall rate by more than 13.6240% and, as such, the provisions of section 393.1655.5  
17 do not affect this FAR filing. In addition, the Company is using projected Large  
18 Power sales to calculate a Large Power FAC rate. In accordance with section  
19 393.1655.6 RSMo., the proposed FAC charge applicable to Large Power customers  
20 does not exceed 8.9312% of the class average overall rate for this rate class.  
21 Therefore, there are no PISA adjustments in this FAR filing.

22 **Q: How did you develop the various values used to derive the proposed FARs that**  
23 **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 a  
4 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 typical**  
6 **customer.**

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

<b>Proposed Current Period FARs</b>	
	<b>\$ per kWh</b>
<b>Voltage</b>	<b>Rates</b>
Transmission	\$0.00090
Substation	\$0.00090
Primary	\$0.00092
Secondary	\$0.00094

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 15th  
12 accumulation period of July through December 2022 and will be billed over a  
13 recovery period running from April 2023 through March 2024.

14 The proposed FAR was calculated in the manner specified in the Company’s  
15 FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the proposed tariff  
16 sheet with the current FAR, the prior period FAR and the total FAR that will be billed  
17 to customers over the recovery period. The FAR calculated for the 13th accumulation  
18 period has been removed as its recovery period will cease in March 2023. The FAR  
19 for the 14th accumulation period is added to the FAR for the current 15th  
20 accumulation period to provide the annual FAR. Thus, given the proposed current

1 FAR calculations, the annual FARs for Evergy Missouri Metro customers are shown  
2 in the table below:

<b>Proposed Current Annual FARs</b>	
	<b>\$ per kWh</b>
<b>Voltage</b>	<b>Rates</b>
Transmission	\$0.00092
Substation	\$0.00092
Primary	\$0.00094
Secondary	\$0.00096

3  
4 As stated earlier, this will result in an increase of \$4.45 to an Evergy Missouri Metro  
5 residential customer's monthly bill compared to the the current monthly FAC credit of  
6 (\$3.49) per month for residential customers using 1,000 kWh per month.

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

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

1 ensure that the Company's customers pay only the prudently incurred, actual costs of  
2 fuel and purchased power used to provide electric service.

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

5 A: Yes, Evergy Missouri Metro has completed four prudence reviews.

6 As mentioned previously, on September 14, 2022, in the Company's fourth  
7 prudence review, Case No. EO-2022-0064, the Commission approved the Non-  
8 Unanimous Stipulation and Agreement filed on July 25, 2022 where the Company  
9 agreed, with no admission of imprudence, to a one-time FAC adjustment of  
10 (\$703,825) for 2017 vintage expired RECs. The additional interest calculation of  
11 (\$28,134) is provided in the true-up workpaper support. Also, as agreed to in this  
12 stipulation and agreement, the Company is providing its confidential Renewable  
13 Energy Certificate Procedures Manual documenting the REC sales procedure  
14 implemented in 2022 with its workpapers for this filing and will describe any changes  
15 made to the procedure in future FAR filings.

16 On May 4, 2022, in the Company's third prudence review, Case No. EO-2020-  
17 0263 later consolidated in Case No. EO-2020-0262, the Commission issued its Report  
18 and Order finding Evergy was imprudent by not utilizing demand response programs  
19 to reduce energy costs for its customers during the review period of July 2018  
20 through December 2019. Therefore, the Company refunded the amount of \$152,165  
21 plus interest of \$7,947 in the 14<sup>th</sup> accumulation period, Case No. ER-2023-0030. Also  
22 in the third prudence review, on January 20, 2021 an ordered adjustment for Montrose  
23 was stipulated by parties amounting to \$199,104. Based on the agreement by parties,

1           rather than recovering this amount through the FAC, the Company recorded this to the  
2           Cost of Removal FERC account for consideration in the 2022 general rate case, Case  
3           No. ER-2022-0129, and refunded the amount of \$199,104 plus interest of \$10,281 in  
4           the 11<sup>th</sup> accumulation period FAR filing, Case No. ER-2021-0244.

5           In the first and second prudence reviews, the MPSC Staff indicated in each of  
6           their reports that there were no areas of imprudence identified within the audits.

7           In addition, the Company has made 11 true-up filings, all of which were  
8           approved by the MPSC. The 12th true-up filing is being made concurrent with this  
9           semi-annual filing covering the 12th accumulation period of January through June  
10          2021 and its corresponding recovery period of October 2021 through September 2022.  
11          The Company's calculation of the proposed true-up resulting in a refund to customers  
12          for Evergy Missouri Metro has been included in the calculation of the current  
13          proposed tariff change.

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

16   A:    The Company requests the Commission approve the rate schedules to be effective as  
17          of April 1, 2023.

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

19   A:    Yes, it does.

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

P.S.C. MO. No. 7 9th Revised Sheet No. 50.31  
 Canceling P.S.C. MO. No. 7 8th 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 through the Day Prior to the Effective Date of  
 Rates in Case No. ER-2022-0129)  
 Effective for Customer Usage Beginning April 2023 through September 2023

Accumulation Period Ending: <b>December 2022</b>			
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		\$156,985,768
2	Net Base Energy Cost (B)	-	\$140,118,423
	2.1 Base Factor (BF)		\$0.01675
	2.2 Accumulation Period NSI (S <sub>AP</sub> )		8,365,278,998
3	(ANEC-B)		\$16,867,345
4	Jurisdictional Factor (J)	x	57.833636%
5	(ANEC-B)*J		\$9,754,999
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		\$9,267,249
8	True-Up Amount (T)	+	(\$278,946)
9	Interest (I)	+	(\$404,809)
10	Prudence Adjustment Amount (P)	+	(\$703,825)
11	Fuel and Purchased Power Adjustment (FPA)	=	\$7,879,669
12	Estimated Recovery Period Retail NSI (S <sub>RP</sub> )	÷	8,848,005,035
13	Current Period Fuel Adjustment Rate (FAR)	=	\$0.00089
14			
15	Current Period FAR <sub>Trans</sub> = FAR x VAF <sub>Trans</sub>		\$0.00090
16	Prior Period FAR <sub>Trans</sub>	+	\$0.00002
17	Current Annual FAR <sub>Trans</sub>	=	\$0.00092
18			
19	Current Period FAR <sub>Sub</sub> = FAR x VAF <sub>Sub</sub>		\$0.00090
20	Prior Period FAR <sub>Sub</sub>	+	\$0.00002
21	Current Annual FAR <sub>Sub</sub>	=	\$0.00092
22			
23	Current Period FAR <sub>Prim</sub> = FAR x VAF <sub>Prim</sub>		\$0.00092
24	Prior Period FAR <sub>Prim</sub>	+	\$0.00002
25	Current Annual FAR <sub>Prim</sub>	=	\$0.00094
26			
27	Current Period FAR <sub>Sec</sub> = FAR x VAF <sub>Sec</sub>		\$0.00094
28	Prior Period FAR <sub>Sec</sub>	+	\$0.00002
29	Current Annual FAR <sub>Sec</sub>	=	\$0.00096
30	VAF <sub>Trans</sub> = 1.0129		
31	VAF <sub>Sub</sub> = 1.0162		
32	VAF <sub>Prim</sub> = 1.0383		
33	VAF <sub>Sec</sub> = 1.0592		