

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2024-_____
Date Testimony Prepared: July 31, 2023

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-_____

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
July 2023**

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

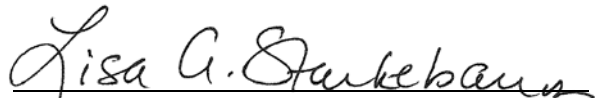
In the Matter of Evergy Metro, Inc. for)
Authority to Implement Rate Adjustments)
Required by 20 CSR 4240-20.090(8) and)
the Company's Approved Fuel and Purchased)
Power Cost Recovery Mechanism) Case No. ER-2024-____

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

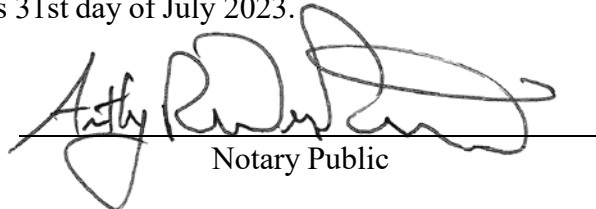
Lisa A. Starkebaum, being first duly sworn on her oath, states:

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 eleven (11) 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 2023.



Notary Public

My Commission expires:

4/26/2025



DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2024-___

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

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

1 A: Yes, I have testified before the MPSC, the Kansas Corporation Commission (“KCC” or
2 “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. In addition, I have worked closely with both
5 MPSC and KCC Staff on numerous filings and rate case matters.

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

7 A: The purpose of my testimony is to support the Fuel Adjustment Clause (“FAC”) that
8 has been filed by Evergy Missouri Metro (“Company”). This FAC tariff filing consists
9 of a Fuel Adjustment Rate (“FAR”) calculated using actual fuel and purchased power
10 costs, net of off-system sales revenues incurred by the Company. My testimony supports
11 the rate schedule filed to adjust rates for the FAC includable costs experienced during
12 the six-month period of January through June 2023. This six-month period represents
13 the 16th accumulation period under Evergy Missouri Metro’s FAC, which was
14 originally approved by the Commission in Case No. ER-2014-0370 (“2014 Case”) and
15 modified in Case Nos. ER-2016-0285 (“2016 Case”), ER-2018-0145 (“2018 Case”) and
16 ER-2022-0129 (“2022 Case”). The proposed FAC charge for Missouri residential
17 customers is a charge of \$0.00126 per kWh. Based on usage of 1,000 kWh per month,
18 the customer will see a monthly charge of \$1.26. This represents an increase of \$0.30 to
19 an Evergy Missouri Metro residential customer’s monthly bill compared to the current
20 monthly FAC charge of \$0.96.

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

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

12 For the 16th accumulation period covering the period of January through June
13 2023, Evergy Missouri Metro’s actual FAC includable costs exceeded the base energy
14 costs included in base rates by approximately \$3.3 million. In accordance with the
15 Commission’s rule and the Company’s approved FAC, Evergy Missouri Metro has
16 calculated the FAC tariff that provides for a change in rates to recover 95% of those cost
17 changes, or approximately \$3.2 million, plus interest. These amounts are before true-up
18 or any other adjustments.

19 In addition, a true-up filing is being made concurrent with this filing covering
20 the 13th accumulation period of July through December 2021 and its corresponding
21 recovery period of April 2022 through March 2023. The proposed 13th accumulation
22 period true-up amount results in a credit of (\$906,622) to be refunded to customers.

1 In summary, these amounts combined with interest of \$359,122 result in a
2 proposed Fuel and Purchased Power Adjustment (“FPA”) of approximately \$2.6 million
3 to be collected from customers.

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

5 A: Evergy Missouri Metro’s Actual Net Energy Costs (“ANEC”) exceeds the base energy
6 costs included in base rates by approximately \$3.3 million. When compared to the prior
7 15th accumulation period, the ANEC is \$15.6 million lower in the 16th accumulation
8 period than in the previous 15th accumulation period. This is due to a \$58.3 million, or
9 34%, decrease fuel due in part to Wolf Creek being back online after refueling in the
10 15th accumulation period. In addition, purchased power and transmission expense
11 decreased by \$37.6 million, or 30%. This is offset by an \$80.3 million, or 49% decrease
12 in off-system sales revenues. The 16th accumulation period of January through June
13 2023 typically has lower retail load requirements than the previous 15th accumulation
14 period of July through December 2022. In addition, winter weather was 17% warmer
15 than normal by 322 heating degree days and mild spring weather, 6% warmer than
16 normal by 26 cooling degree days, resulting in a 10% decrease in retail load demand
17 over the 15th accumulation period. This contributed to lower purchased power
18 requirements which were also impacted by lower natural gas prices. For January through
19 June 2023, the published NYMEX natural gas contract settlement price averaged \$2.76,
20 which is 62% lower than the \$7.23 averaged in 15th accumulation period. Lastly, the
21 decrease in fuel costs driven by 30% less non-nuclear generation, due to generating units
22 offline, and lower natural gas prices contributed to the decrease in off-system sales
23 revenue.

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

3 A: Yes, the Company performed the plant in service accounting (“PISA”) calculations to
4 determine the impact, if any, on the Average Overall Rate and Class Average Overall
5 Rate for the Large Power customer class as set forth in the section 393.1655 RSMo, rate
6 cap limitations. Base revenues have been updated with the results from the Company’s
7 2022 Case effective January 9, 2023 (Case No. ER-2022-0129). The compound average
8 growth rate (“CAGR”) cap provisions of section 393.1655 RSMo. applied to this FAR
9 filing are 15.3169% for the average overall rate cap and 10.0166% for the class average
10 overall rate cap for Large Power customers. The FAC charge proposed in this filing
11 does not exceed the average overall rate by more than 15.3169% and, as such, the
12 provisions of section 393.1655.5 do not affect this FAR filing. In addition, the Company
13 is using projected Large Power sales to calculate a Large Power FAC rate. In accordance
14 with section 393.1655.6 RSMo., the proposed FAC charge applicable to Large Power
15 customers does not exceed 10.0166% of the class average overall rate for this rate class.
16 Therefore, there are no PISA adjustments in this FAR filing.

17 **Q: Are there any changes to the calculation of this FAR?**

18 A: Yes, the tariff changes included on Sheet Nos. 50.32 through Sheet 50.42 resulting from
19 the 2022 Case have been implemented in this filing. Also, effective January 9, 2023, the
20 Company’s Base Factor (“BF”) costs per kWh are \$0.01829 and the expansion factors
21 by voltage level (“VAF”) are: Transmission 1.0300, Substation 1.0378, Primary 1.0497
22 and Secondary 1.0690.

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

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

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

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

Proposed Current Period FARs	
	\$ per kWh
Voltage	Rates
Transmission	\$0.00031
Substation	\$0.00031
Primary	\$0.00031
Secondary	\$0.00032

11

12 This is the difference between the base FAC includable costs and the actual costs
13 incurred by the Company including interest and any adjustments during the current 16th
14 accumulation period of January through June 2023 and will be included in billed FAC
15 rates over a recovery period running from October 2023 through September 2024.

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

1 for the 15th accumulation period is added to the FAR for the current 16th accumulation
2 period to provide the annual FAR. Thus, given the proposed current FAR calculations,
3 the annual FARs for Evergy Missouri Metro customers are shown in the table below:

Proposed Current Annual FARs	
	\$ per kWh
Voltage	Rates
Transmission	\$0.00121
Substation	\$0.00121
Primary	\$0.00123
Secondary	\$0.00126

4
5 These proposed rates will be billed to customers from October 2023 through March
6 2024. As stated earlier, based on usage of 1,000 kWh per month this will result in a
7 monthly FAC charge of \$1.26, an increase of \$0.30 to an Evergy Missouri Metro
8 residential customer's monthly bill compared to the the current monthly FAC charge of
9 \$0.96.

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

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

1 prudently incurred fuel and purchased power costs are billed to customers through
2 Evergy Missouri Metro's FAC. These two mechanisms serve as checks to ensure that
3 the Company's customers pay only the prudently incurred, actual costs of fuel and
4 purchased power used to provide electric service.

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

7 A: Yes, Evergy Missouri Metro is currently in its fifth prudence review, Case No.
8 EO-2023-0276, for the review period of July 2021 through December 2022. MPSC
9 Staff plans to file its recommendation by August 30, 2023.

10 On September 14, 2022, in the Company's fourth prudence review, Case No.
11 EO-2022-0064, the Commission approved the Non-Unanimous Stipulation and
12 Agreement filed on July 25, 2022 where the Company agreed, with no admission of
13 imprudence, to a one-time FAC adjustment for 2017 vintage expired RECs. The
14 Company refunded \$703,825 plus interest of \$28,134 in the 15th accumulation period
15 filing, Case No. ER-2023-0245.

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 through
20 December 2019. Therefore, the Company refunded the amount of \$152,165 plus
21 interest of \$7,947 in the 14th accumulation period, Case No. ER-2023-0030. Also in the
22 third prudence review, on January 20, 2021 an ordered adjustment for Montrose was
23 stipulated by parties amounting to \$199,104. Based on the agreement by parties, rather

1 than recovering this amount through the FAC, the Company recorded this to the Cost
2 of Removal FERC account for consideration in the 2022 general rate case, Case No.
3 ER-2022-0129, and refunded the amount of \$199,104 plus interest of \$10,281 in the
4 11th 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 12 true-up filings, all of which were
8 approved by the MPSC. The 13th true-up filing is being made concurrent with this
9 semi-annual filing covering the 13th accumulation period of July through December
10 2021 and its corresponding recovery period of April 2022 through March 2023. The
11 Company's calculation of the proposed true-up resulting in a refund to customers for
12 Evergy Missouri Metro has been included in the calculation of the current proposed
13 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 of
17 October 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 1st Revised Sheet No. 50.42
 Canceling P.S.C. MO. No. 7 Original Sheet No. 50.42
 For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
 (Applicable to Service Provided January 9, 2023 and Thereafter)
 Effective for the Customer Usage Beginning October 2023 through March 2024

Accumulation Period Ending: June 2023			
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		\$141,378,316
2	Net Base Energy Cost (B)	-	\$136,513,842
	2.1 Base Factor (BF) *		
	2.2 Accumulation Period NSI (S _{AP})		7,493,147,998
3	(ANEC-B)		\$4,864,474
4	Jurisdictional Factor (J)	x	68.72359%
5	(ANEC-B)*J		\$3,343,041
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		\$3,175,889
8	True-Up Amount (T)	+	(\$906,622)
9	Interest (I)	+	\$359,122
10	Prudence Adjustment Amount (P)	+	\$0
11	Fuel and Purchased Power Adjustment (FPA)	=	\$2,628,389
12	Estimated Recovery Period Retail NSI (S _{RP})	÷	8,847,484,844
13	Current Period Fuel Adjustment Rate (FAR)	=	\$0.00030
14			
15	Current Period FAR _{Trans} = FAR x VAF _{Trans}		\$0.00031
16	Prior Period FAR _{Trans}	+	\$0.00090
17	Current Annual FAR _{Trans}	=	\$0.00121
18			
19	Current Period FAR _{Sub} = FAR x VAF _{Sub}		\$0.00031
20	Prior Period FAR _{Sub}	+	\$0.00090
21	Current Annual FAR _{Sub}	=	\$0.00121
22			
23	Current Period FAR _{Prim} = FAR x VAF _{Prim}		\$0.00031
24	Prior Period FAR _{Prim}	+	\$0.00092
25	Current Annual FAR _{Prim}	=	\$0.00123
26			
27	Current Period FAR _{Sec} = FAR x VAF _{Sec}		\$0.00032
28	Prior Period FAR _{Sec}	+	\$0.00094
29	Current Annual FAR _{Sec}	=	\$0.00126
30	VAF _{Trans} = 1.0300		
31	VAF _{Sub} = 1.0378		
32	VAF _{Prim} = 1.0497		
33	VAF _{Sec} = 1.0690		

*From December 6, 2018 through January 8, 2023, the base factor was \$0.01675. Effective January 9, 2023, the base factor is \$0.01829.