

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2022-0174
Date Testimony Prepared: December 30, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0174

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
December 2021**

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

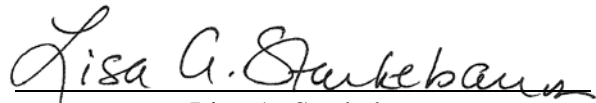
In the Matter of the Application of Evergy Missouri)
West for Authority to Implement Rate Adjustments) Case No. ER-2022-0174
Required by 20 CSR 4240-20.090(8) and the)
Company's Approved Fuel and Purchased Power)
Cost Recovery Mechanism)

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 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 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 30th day of December 2021.



Notary Public

My Commission expires:

4/26/2025



DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2022-0174

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, Inc. as Manager, Regulatory Affairs.

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

7 A: My responsibilities include the coordination, preparation and review of financial
8 information and schedules associated with the Evergy, Inc.'s compliance and rider
9 mechanism filings including: Evergy Kansas Central, Evergy Kansas Metro,
10 Evergy Missouri Metro and Evergy Missouri West.

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

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

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

15 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department
16 assisting with month-end close and reporting responsibilities. In 1997, I joined
17 Aquila, Inc. ("Aquila") where I worked in the Financial and Regulatory Reporting
18 group as an Accountant, until joining Regulatory Accounting Services as a
19 Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years prior

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

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

18 A: Yes, I have testified before the MPSC, the Kansas Corporation Commission
19 (“KCC” or “Commission”) and have provided written testimony before the Public
20 Utilities Commission of Colorado. I have sponsored testimony in Missouri related
21 to various tariff filings involving rider mechanisms. In addition, I have worked
22 closely with both MPSC and KCC Staff on numerous filings and rate case matters.

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

1 A: The purpose of my testimony is to support the Fuel Adjustment Clause (“FAC”)
2 that has been filed by Evergy Missouri West (“Company”). This FAC tariff filing
3 consists of actual fuel and purchased power costs, net of off-system sales revenues
4 incurred by the Company and an updated adjustment for “extraordinary costs”
5 incurred as a result of the mid-February 2021 cold weather event known as Winter
6 Storm Uri. My testimony supports the rate schedule filed to adjust rates for the
7 adjusted FAC includable costs experienced during the six-month period June 2021
8 through November 2021. This six-month period represents the 29th accumulation
9 period under Evergy Missouri West’s FAC, which was originally approved by the
10 Commission in Case No. ER-2007-0004 (“2007 Case”) and modified in Case Nos.
11 ER-2009-0090, ER-2010-0356 (“2010 Case”), ER-2012-0175 (“2012 Case”), ER-
12 2016-0156 (“2016 Case”), and ER-2018-0146 (“2018 Case”). The proposed FAC
13 charge for residential customers is \$0.00659 per kWh. Based on usage of 1,000
14 kWh per month, the customer will see a monthly charge of \$6.59. This represents
15 an increase of \$4.65 to an Evergy Missouri West residential customer’s monthly
16 bill compared to the prior FAC.

17 **Q: Please explain why Evergy Missouri West filed the FAC adjustment rate**
18 **schedules at this time.**

19 A: The Commission’s rule governing fuel and purchased power cost recovery
20 mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8)(A) –
21 requires Evergy Missouri West to make periodic filings to allow the Commission
22 to review the actual net FAC includable costs the Company has incurred and to
23 allow rates to be adjusted, either up or down, to reflect those actual costs. The

1 Commission’s rule requires at least one such review and adjustment each year.
2 Evergy Missouri West’s approved FAC calls for two annual filings – one filing
3 covering the six-month accumulation period running from June through November
4 and another filing covering the accumulation period running from December
5 through May. Any increases or decreases in rates in these filings are then included
6 in the customers’ bills over a subsequent 12-month recovery period.

7 For the 29th accumulation period covering June 2021 through November
8 2021, Evergy Missouri West’s “adjusted” actual FAC includable costs exceeded
9 the base energy costs included in base rates by approximately \$50.4 million. In
10 accordance with the Commission’s rule and the Company’s approved FAC, Evergy
11 Missouri West is filing the FAC tariff that provides for a change in rates to recover
12 95% of those cost changes, or approximately \$47.8 million before true-up and
13 interest.

14 In addition, a true-up filing is being made concurrent with this filing
15 covering the 26th accumulation period of December 2019 through May 2020 and
16 its corresponding recovery period of September 2020 through August 2021. The
17 proposed 26th accumulation period true-up amount is an over-recovery of
18 \$567,444. Also included in this filing is interest of \$197,210. These amounts
19 combined result in a total 29th accumulation period Fuel and Purchased Power
20 Adjustment (“FPA”) of approximately \$47.5 million.

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

1 A: The Company expected adjustments to the previously reported impact of Winter
2 Storm Uri due to resettlements of both costs and revenues from the Southwest
3 Power Pool (“SPP”). As explained in the Company’s last FAR filing, in order to
4 identify the extraordinary costs associated with Winter Storm Uri, Evergy Missouri
5 West established a baseline to approximate the normal conditions for the month of
6 February 2021. In order to approximate more historic normal conditions in the
7 month of February, the Company calculated a three-year average baseline using
8 actual February costs for the years 2018, 2019 and 2020 for fuel, purchased power
9 costs, emissions, transmission expense and off-system sales revenues and
10 compared the actual costs and revenues that were incurred for February 2021 to
11 that three-year average. When compared to the three-year historic average for the
12 month of February, with costs and revenues updated through August 2021 resulting
13 from SPP resettlements, Evergy Missouri West incurred approximately \$293.4
14 million of extraordinary costs in excess of the three-year average. This amounts to
15 a \$3.9 million reduction from the \$297.3 million identified and excluded from the
16 previous 28th accumulation period, Case No. ER-2022-0005, which was requested
17 for deferral through an AAO in Case No. EU-2021-0283. This \$3.9 million
18 reduction in Winter Storm Uri costs has been included in the current 29th
19 accumulation period FAR calculation as this activity flowed through the general
20 ledger in June and August 2021. These adjustments are detailed in the workpaper
21 support that accompanies this filing.

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

1 A: No, the Company expects additional resettlements in December 2021 and possibly
2 in future months if SPP determines further adjustments are necessary.

3 **Q: What are some of the drivers impacting this 29th accumulation period?**

4 A: Evergy Missouri West's Actual Net Energy Costs ("ANEC"), with the additional
5 \$3.9 million in resettlements of February 2021 related to Winter Storm Uri, exceeds
6 the base energy costs included in base rates by approximately \$50.4 million. When
7 compared to the prior 28th accumulation period, the ANEC are \$52 million higher
8 in the 29th accumulation period than the previous 28th accumulation period
9 primarily due to a 54% increase in purchased power expense of \$46.4 million. Fuel
10 costs are higher in the 29th accumulation period by \$10.9 million driven by 29%
11 more generation as well as higher natural gas prices. For June through November
12 2021, the published natural gas contract settlement price averaged \$4.51, which is
13 64% higher than the \$2.75 averaged in December 2020 through May 2021. The 29th
14 accumulation period of June through November is naturally warmer than the
15 previous 28th accumulation period of December through May resulting in a 10%
16 increase in demand. Lastly, during this 29th accumulation period, the Company
17 experienced an 86% increase in off-system sales revenues of \$5.2 million compared
18 to the prior 28th accumulation period which offsets the increase in costs.

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

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

22 First, the supporting documentation provided in Tabs 8(A)2.A (I-V) reflects
23 the actual costs incurred by the Company and have not been adjusted for Winter

1 Storm Uri. Tab 8(A)2.A(XI) shows Winter Storm Uri extraordinary costs not to be
2 passed through as adjusted in June and August 2021.

3 Second, the Company performed the plant in service accounting (“PISA”)
4 calculations to determine the impact, if any, on the Average Overall Rate and Class
5 Average Overall Rate for the Large Power customer class as set forth in the rule
6 under the provisions of section 393.1655 RSMo, rate cap limitations. The
7 compound annual growth rate (“CAGR”) cap provisions of section 393.1655
8 RSMo. applied to this FAR filing are 10.0361% for the average overall rate cap and
9 6.6151% for the class average overall rate cap for Large Power customers. The
10 change in the FAC charge proposed in this filing does not exceed the average
11 overall rate by more than 10.0361% and, as such, the provisions of section
12 393.1655.5 do not affect this FAR filing. In addition, the Company is using
13 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
15 Power customers does exceed 6.6151% of the class average overall rate for this rate
16 class by \$485,857. The FPA for the Large Power customer class has been reduced
17 by this amount and included for recovery by all other Non-Large Power (“Non-
18 LP”) customer classes, per section 393.1655.6 RSMo.

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

21 A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in
22 conjunction with this testimony contains all the information as set in 20 CSR 4240-

1 20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting
2 a copy of the workpapers that support the determination of the current FAR.

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

5 A: The proposed current period FARs for Every Missouri West Large Power and
6 Non-Large Power customers by voltage level is shown below:

Proposed Current Period FARs		
Voltage	Large Power Customers	Non-Large Power Customers
Secondary	\$0.00550	\$0.00582
Primary	\$0.00542	\$0.00573
Substation	\$0.00535	\$0.00565
Transmission	\$0.00533	\$0.00564

7

8

9 This is the difference between base FAC includable costs and the proposed costs
10 incurred by the Company including interest during the 29th accumulation period of
11 June 2021 through November 2021 and will be billed over the recovery period
12 running from March 2022 through February 2023.

13 The proposed FAR was calculated in the manner specified in the
14 Company's FAC tariff. Attached to my testimony, as Schedule LAS-1, is a copy
15 of the tariff sheet with the current FAR, the prior period FAR and the total FAR
16 that will be billed to customers over the recovery period. The FAR calculated for
17 the 27th accumulation period has been removed as its recovery period will cease in
18 February 2022. The FAR for the 28th accumulation period is added to the FAR for
19 the current 29th accumulation period to provide the annual FAR. Thus, given the

1 proposed current FAR calculations, the annual FAR for Evergy Missouri West
2 Large Power and Non-Large Power customers is shown in the table below:

Proposed Current Annual FARs		
Voltage	Large Power Customers	Non-Large Power Customers
Secondary	\$0.00627	\$0.00659
Primary	\$0.00618	\$0.00649
Substation	\$0.00610	\$0.00640
Transmission	\$0.00608	\$0.00639

3
4 As stated earlier, based on usage of 1,000 kWh per month, this will result in a
5 monthly FAC charge of \$0.00659, an increase to an Evergy Missouri West
6 residential customer's bill of \$4.65 per month compared to the prior FAC.

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

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

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

3 **Q: Have each of these mechanisms been in effect throughout the FAC process**
4 **since its inception in the 2007 Case?**

5 A: Yes, Evergy Missouri West has been through nine prudence reviews to date.
6 In the Company's ninth prudence review, Case No. EO-2020-0262, an Ordered
7 Adjustment was stipulated by parties amounting to \$1,039,646, or \$984,898
8 Missouri jurisdictional and 95% sharing applied. A Commission order was received
9 effective January 30, 2021. As such, this adjustment was included in the 28th
10 accumulation period FAR filing, Case No. ER-2022-0005. The Company is still
11 awaiting a Commission Order on the remaining issues disputed in that prudence
12 review case. In addition, Staff initiated the 10th Evergy Missouri West prudence
13 review on September 1, 2021 covering the period of December 2019 through May
14 2021.

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

21 In addition, the Company has made 25 true-up filings, all of which were
22 approved by the MPSC. The 26th true-up filing is being made concurrent with this
23 filing covering the 26th accumulation period of December 2019 through May 2020

1 and its corresponding recovery period of September 2020 through August 2021.
2 The Company's calculation of the proposed true-up resulting in an over-recovery
3 for Evergy Missouri West has been included in the calculation of the current
4 proposed tariff change.

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

7 A: The Company requests the Commission approve the rate schedule to be effective
8 as of March 1, 2022.

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

10 A: Yes, it does.

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

P.S.C. MO. No. 1 6th Revised Sheet No. 127.23

Canceling P.S.C. MO. No. 1 5th 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 2022 through August 2022)

Accumulation Period Ending: November 2021			GMO	Large Power	Non-LP
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		\$154,378,423		
2	Net Base Energy Cost (B)	-	\$103,877,144		
	2.1 Base Factor (BF)		\$0.02240		
	2.2 Accumulation Period NSI (S _{AP})		4,637,372,495		
3	(ANEC-B)		\$50,501,279		
4	Jurisdictional Factor (J)	x	99.75558%		
5	(ANEC-B)*J		\$50,377,844		
6	Customer Responsibility	x	95%		
7	95% *((ANEC-B)*J)		\$47,858,952		
8	True-Up Amount (T)	+	(\$567,444)		
9	Interest (I)	+	\$197,210		
10	Prudence Adjustment Amount (P)	+	\$0		
11	Fuel and Purchased Power Adjustment (FPA)	=	\$47,488,718		
	11.1 PISA Deferral (Sec. 393.1400)		\$0		
	11.2 FPA Subject to Recover in True-Up		\$47,488,718	\$11,662,559*	\$35,826,159
12	Estimated Recovery Period Retail NSI (S _{RP})	÷	8,632,897,538	2,208,440,965	6,424,456,573
13	Current Period Fuel Adjustment Rate (FAR)	=		\$0.00528	\$0.00558
14	Current Period FAR _{Sec} = FAR x VAF _{Sec}			\$0.00550	\$0.00582
15	Prior Period FAR _{Sec}	+		\$0.00077	\$0.00077
16	Current Annual FAR _{Sec}	=		\$0.00627	\$0.00659
17	Current Period FAR _{Prim} = FAR x VAF _{Prim}			\$0.00542	\$0.00573
18	Prior Period FAR _{Prim}	+		\$0.00076	\$0.00076
19	Current Annual FAR _{Prim}	=		\$0.00618	\$0.00649
20	Current Period FAR _{Sub} = FAR x VAF _{Sub}			\$0.00535	\$0.00565
21	Prior Period FAR _{Sub}	+		\$0.00075	\$0.00075
22	Current Annual FAR _{Sub}	=		\$0.00610	\$0.00640
23	Current Period FAR _{Trans} = FAR x VAF _{Trans}			\$0.00533	\$0.00564
24	Prior Period FAR _{Trans}	+		\$0.00075	\$0.00075
25	Current Annual FAR _{Trans}	=		\$0.00608	\$0.00639
26	VA _{Sec} = 1.0426				
27	VA _{Prim} = 1.0268				
28	VA _{Sub} = 1.0133				
29	VA _{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.

Issued: December 30, 2021
 Issued by: Darrin R. Ives, Vice President

Effective: March 1, 2022
 1200 Main, Kansas City, MO 64105