

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2023-_____
Date Testimony Prepared: July 29, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2023-_____

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
July 2022**

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

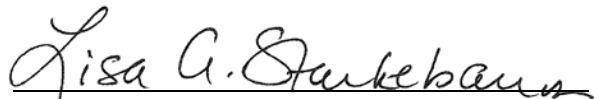
In the Matter of Evergy Metro, Inc. for)
Authority to Implement Rate Adjustments)
Required by 20 CSR 4240-20.090(8) and)
the Company's Approved Fuel and Purchased)
Power Cost Recovery Mechanism) Case No. ER-2023-_____

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

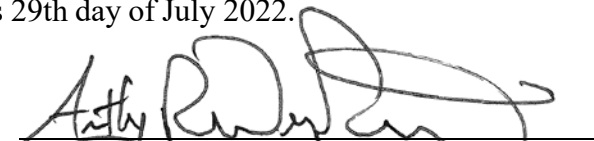
Lisa A. Starkebaum, being first duly sworn on her oath, states:

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

Subscribed and sworn to before me this 29th day of July 2022.



Notary Public

My Commission expires:

4/26/2025



DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2023-___

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 for Evergy Metro,
6 Inc. d/b/a Evergy Missouri Metro (“EMM”), Evergy Missouri West, Inc. d/b/a Evergy
7 Missouri West (“EMW”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“Evergy
8 Kansas Metro”), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively
9 d/b/a Evergy Kansas Central (“Evergy Kansas Central”). These are the operating
10 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 January through June 2022. This six-month
14 period represents the 14th accumulation period under Evergy Missouri Metro’s FAC,
15 which was originally approved by the Commission in Case No. ER-2014-0370 (“2014
16 Case”) and modified in Case Nos. ER-2016-0285 (“2016 Case”) and ER-2018-0145
17 (“2018 Case”). The proposed FAC charge for Missouri residential customers is a
18 credit of (\$0.00349) per kWh. Based on usage of 1,000 kWh per month, the customer
19 will see a monthly credit of (\$3.49). This represents an increase of \$0.17 to an Evergy
20 Missouri Metro residential customer’s monthly bill compared to the the current
21 monthly FAC credit of (\$3.66).

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 14th accumulation period covering the period of January through June
13 2022, Evergy Missouri Metro’s actual FAC includable costs were \$1,654,721 higher
14 than the base energy costs included in base rates. In accordance with the
15 Commission’s rule and Evergy Missouri Metro’s approved FAC, Evergy Missouri
16 Metro is filing the FAC tariff that provides for a change in rates to collect 95% of
17 those cost changes, or \$1,571,985 before interest, true-up and other adjustments.

18 In addition, a true-up filing is being made concurrent with this filing covering
19 the 11th accumulation period of July through December 2020 and its corresponding
20 recovery period of April 2021 through March 2022. The proposed 11th accumulation
21 period true-up amount results in a credit of \$494,160 to be refunded to customers.

22 Also included in this filing is an ordered adjustment, or refund, of \$152,165
23 plus interest of \$7,947 and a correction refund of \$499,252 plus interest of \$7,341

1 which is explained in further detail below. Additionally, the 14th accumulation period
2 interest included in this FAR filing is a credit of \$232,729.

3 In summary, all of these amounts combined result in a proposed Fuel and
4 Purchased Power Adjustment (“FPA”) of \$178,390 to be collected from customers.

5 **Q: Please explain the ordered adjustment included in this filing.**

6 A: The Company is refunding the amount of \$152,165 plus interest of \$7,947 as ordered
7 in its third FAC prudence review, Case No. EO-2020-0263 later consolidated in Case
8 No. EO-2020-0262, where the Commission found that Evergy acted imprudently by
9 not calling more programmable thermostat and DRI curtailment events. The
10 Commissions’ Report and Order was issued on May 4, 2022 with an effective date of
11 June 3, 2022. The Order states "the Commission finds that due to Evergy's imprudent
12 decision not to utilize its demand response programs to save energy costs for its
13 customers, those customers paid more for energy than they should have during the
14 FAC prudence review period of July 2018 through December 2019." The additional
15 interest calculation of \$7,947 is provided in the workpaper support.

16 **Q: Please explain the correction included in this filing.**

17 A: A correction related to the extraordinary amounts resulting from Winter Storm Uri in
18 February 2021 is included in this filing. In the Company’s previous 13th accumulation
19 period FAC filing Case No. ER-2022-0206, as ordered by the Commission in Case
20 No. ER-2022-0025, the Company included an adjustment to include extraordinary
21 revenues from Winter Storm Uri that were previously removed from the FAC.
22 However the 13th accumulation period adjustment did not use the same Missouri
23 jurisdictional allocator in the calculation of the return to customers as was used in the

1 calculation of the amount originally removed from the FAC. The Company is
2 including an additional adjustment of \$499,252 in extraordinary revenues from Winter
3 Storm Uri plus interest of \$7,341. The additional interest calculation is provided in the
4 workpaper support.

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

6 A: Evergy Missouri Metro's Actual Net Energy Costs ("ANEC") exceeds the
7 base energy costs included in base rates by approximately \$1.7 million. When
8 compared to the prior 13th accumulation period, the ANEC is \$2.1 million
9 higher in the 14th accumulation period than in the previous 13th accumulation
10 period. This is due to a 46% or \$44.9 million increase in purchased power expense
11 offset by a 47% or \$40.3 million increase in off-system sales revenues. For the first
12 half of 2022, the published NYMEX natural gas contract settlement price averaged
13 \$6.06, which is 23% higher than the \$4.92 averaged during the second half of 2021.
14 Also, fuel costs are lower than in the 13th accumulation period due to the sale
15 of Renewable Energy Credits ("RECs").

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

18 A: Yes, the Company performed the plant in service accounting ("PISA") calculations to
19 determine the impact, if any, on the Average Overall Rate and Class Average Overall
20 Rate for the Large Power customer class as set forth in the section 393.1655 RSMo,
21 rate cap limitations. The compound average growth rate ("CAGR") cap provisions of
22 section 393.1655 RSMo. applied to this FAR filing are 11.9581% for the average
23 overall rate cap and 7.8594% for the class average overall rate cap for Large Power

1 customers. The FAC charge proposed in this filing does not exceed the average
2 overall rate by more than 11.9581% and, as such, the provisions of section 393.1655.5
3 do not affect this FAR filing. In addition, the Company is using projected Large
4 Power sales to calculate a Large Power FAC rate. In accordance with section
5 393.1655.6 RSMo., the proposed FAC charge applicable to Large Power customers
6 does not exceed 7.8594% of the class average overall rate for this rate class.
7 Therefore, there are no PISA adjustments in this FAR filing.

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

10 A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in
11 conjunction with this testimony contains all the information as set in 20 CSR 4240-
12 20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting a
13 copy of the work papers that support the determination of the current FAR.

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

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

Proposed Current Period FARs	
	\$ per kWh
Voltage	Rates
Transmission	\$0.00002
Substation	\$0.00002
Primary	\$0.00002
Secondary	\$0.00002

18
19 This is the difference between the base FAC includable costs and the actual costs
20 incurred by the Company including interest and adjustments during the current 14th

1 accumulation period of January through June 2022 and will be billed over a recovery
2 period running from October 2022 through September 2023.

3 The proposed FAR was calculated in the manner specified in the Company's
4 FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the proposed tariff
5 sheet with the current FAR, the prior period FAR and the total FAR that will be billed
6 to customers over the recovery period. The FAR calculated for the 12th accumulation
7 period has been removed as its recovery period will cease in September 2022. The
8 FAR for the 13th accumulation period is added to the FAR for the current 14th
9 accumulation period to provide the annual FAR. Thus, given the proposed current
10 FAR calculations, the annual FARs for Evergy Missouri Metro customers are shown
11 in the table below:

Proposed Current Annual FARs	
	\$ per kWh
Voltage	Rates
Transmission	(\$0.00333)
Substation	(\$0.00334)
Primary	(\$0.00342)
Secondary	(\$0.00349)

12
13 As stated earlier, this will result in an increase of \$0.17 to an Evergy Missouri Metro
14 residential customer's monthly bill compared to the the current monthly FAC credit of
15 (\$3.66) per month for residential customers using 1,000 kWh per month.

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

1 A: Evergy Missouri Metro's FAC and the Commission's rules provide two mechanisms
2 to ensure that amounts billed to customers do not exceed the Company's actual,
3 prudently incurred fuel and purchased power costs. First, at the end of each recovery
4 period the Company is required to true up the amounts billed to customers through the
5 FAR with the excess fuel and purchased power costs that were actually incurred
6 during the accumulation period to which the FAR applies. Second, the Company's
7 fuel and purchased power costs are subject to periodic prudence reviews to ensure that
8 only prudently incurred fuel and purchased power costs are billed to customers
9 through Evergy Missouri Metro's FAC. These two mechanisms serve as checks to
10 ensure that the Company's customers pay only the prudently incurred, actual costs of
11 fuel and purchased power used to provide electric service.

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

14 A: Yes, Evergy Missouri Metro is currently in its fourth prudence review, Case No. ER-
15 2022-0064, which is ongoing.

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 is refunding the amount of
21 \$152,165 plus interest of \$7,947 in this FAR filing for the 14th accumulation period.
22 Also in the third prudence review, on January 20, 2021 an ordered adjustment for
23 Montrose was stipulated by parties amounting to \$199,104. Based on the agreement

1 by parties, rather than recovering this through the FAC, the Company recorded this to
2 the Cost of Removal FERC account for consideration in the upcoming 2022 general
3 rate case, Case No. ER-2022-0129, and refunded the amount of \$199,104 plus interest
4 of \$10,281 in the 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 ten true-up filings, all of which were
8 approved by the MPSC. The 11th true-up filing is being made concurrent with this
9 semi-annual filing covering the 11th accumulation period of July through December
10 2020 and its corresponding recovery period of April 2021 through March 2022. 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
17 of October 1, 2022.

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 8th Revised Sheet No. 50.31
 Canceling P.S.C. MO. No. 7 7th 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 Thereafter)
 Effective for Customer Usage Beginning October 2022 through March 2023

Accumulation Period Ending: June 2022			
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		\$132,432,146
2	Net Base Energy Cost (B)	-	\$129,524,601
	2.1 Base Factor (BF)		\$0.01675
	2.2 Accumulation Period NSI (S _{AP})		7,732,812,000
3	(ANEC-B)		\$2,907,545
4	Jurisdictional Factor (J)	x	56.911268%
5	(ANEC-B)*J		\$1,654,721
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		\$1,571,985
8	True-Up Amount (T)	+	(\$993,412)
9	Interest (I)	+	(\$248,018)
10	Prudence Adjustment Amount (P)	+	(\$152,165)
11	Fuel and Purchased Power Adjustment (FPA)	=	\$178,390
12	Estimated Recovery Period Retail NSI (S _{RP})	÷	8,882,796,453
13	Current Period Fuel Adjustment Rate (FAR)	=	\$0.00002
14			
15	Current Period FAR _{Trans} = FAR x VAF _{Trans}		\$0.00002
16	Prior Period FAR _{Trans}	+	(\$0.00335)
17	Current Annual FAR _{Trans}	=	(\$0.00333)
18			
19	Current Period FAR _{Sub} = FAR x VAF _{Sub}		\$0.00002
20	Prior Period FAR _{Sub}	+	(\$0.00336)
21	Current Annual FAR _{Sub}	=	(\$0.00334)
22			
23	Current Period FAR _{Prim} = FAR x VAF _{Prim}		\$0.00002
24	Prior Period FAR _{Prim}	+	(\$0.00344)
25	Current Annual FAR _{Prim}	=	(\$0.00342)
26			
27	Current Period FAR _{Sec} = FAR x VAF _{Sec}		\$0.00002
28	Prior Period FAR _{Sec}	+	(\$0.00351)
29	Current Annual FAR _{Sec}	=	(\$0.00349)
30	VAF _{Trans} = 1.0129		
31	VAF _{Sub} = 1.0162		
32	VAF _{Prim} = 1.0383		
33	VAF _{Sec} = 1.0592		