Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri West
Case No.:	ER-2020-____
Date Testimony Prepared:	December 31, 2019

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2020-_____

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

Kansas City, Missouri
December 2019

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Missouri West, 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-2020-________

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 Missouri West, Inc. d/b/a Evergy Missouri West 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 December 2019.

Anthony R Westenkirchner
Notary Public

My Commission expires:

4/26/2021

ANTHONY R WESTENKIRCHNER
Notary Public, Notary Seal
State of Missouri
Platte County
Commission # 17279952
My Commission Expires April 26, 2021

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2020-___

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. or the "Company", 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 the Company's compliance filings for Evergy 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: In Case No. ER-2007-0004 ("2007 Case"), Evergy Missouri West, formerly GMO was authorized to implement a Fuel Adjustment Clause ("FAC"). A FAC is a way to ensure that customers pay only for the actual cost of fuel they use during a certain time-period rather than the estimated fuel costs set in base rates. This FAC tariff filing consists of a Fuel Adjustment Rate ("FAR") for Evergy Missouri West. My testimony supports the rate schedule filed to adjust rates for the FAC includable costs experienced during the six-month period June 2019 through November 2019. This six-month period represents the 25th accumulation period under Evergy Missouri West's FAC, which was originally approved by the Commission in the 2007 Case and modified in Case Nos. ER-2009-0090, ER-2010-0356 ("2010 Case"), ER-2012-0175 ("2012 Case"), ER-2016-0156 ("2016 Case"), and ER-2018-0146 ("2018 Case"). The proposed FAC charge for residential customers is $0.00175 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $1.75. This represents a decrease of $3.20 to an Evergy Missouri West residential customer's monthly bill compared to the prior FAC.

Q: Please explain why Evergy Missouri West 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 West 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 West's approved FAC calls for two annual filings – one filing covering the six-month accumulation period running from June through November and another filing covering the accumulation period running from December through May. 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 25th accumulation period covering June 2019 through November 2019, Evergy Missouri West's actual FAC includable costs exceeded the base energy costs included in base rates by approximately $2.4 million, a decrease of $12.3 million from the prior 24th accumulation period. In accordance with the Commission's rule and the Company's approved FAC, Evergy Missouri West is filing the FAC tariff that provides for a change in rates to recover 95% of those cost changes, or approximately $2.3 million before interest.

In addition, a true-up filing is being made concurrent with this filing covering the 22nd accumulation period of December 2017 through May 2018 and its corresponding recovery period of September 2018 through August 2019. The proposed 22nd accumulation period true-up amount is an under-collection of $128,984.

Q: What are some of the drivers impacting this 25th accumulation period?

A: Evergy Missouri West's ANEC are $5.4 million lower in the 25th accumulation period as compared to the previous 24th accumulation period primarily due to a decrease in purchased power expense of $4.9 million. Fuel costs are slightly higher in the 25th accumulation period amounting to $487K due to 6% more generation which in part allowed for the decrease in purchased power. In addition, there was a 7% increase in retail load requirements or Net System Input ("NSI") in the 25th accumulation period over the 24th accumulation period. While the months of June, July and August were 6% cooler than normal, September was 87% warmer than normal as shown in the table below. In addition, October and November were 38% colder than normal. Lastly, there was excess generation to sell amounting to an increase in off-system sales revenues of $924K compared to the prior 24th accumulation period.

	KCI				KCI			
	Actual CDD65	30 Year Normal CDD65	Act-Normal		Actual HDD55	30 Year Normal HDD55	Act-Normal	
Jan	-	-	-	-	825	782	43	5%
Feb	-	-	-	-	764	603	161	27%
Mar	-	5	(5)	-100%	457	354	103	29%
Apr	17	24	(7)	-29%	73	110	(37)	-33%
May	81	99	(18)	-18%	20	14	6	46%
Jun	272	288	(16)	-5%	-	0	(0)	-100%
Jul	404	422	(18)	-4%	-	-	-	-
Aug	349	383	(34)	-9%	-	-	-	-
Sep	304	163	141	87%	-	6	(6)	-100%
Oct	22	32	(10)	-31%	174	89	85	95%
Nov	-	2	(2)	-100%	421	341	80	23%
Totals:								
Jun-Aug	1,025	1,092	(67)	-6%				
Oct-Nov					595	430	165	38%

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, this six-month accumulation period includes fuel and purchased power costs for the following Evergy Missouri West generating stations: Jeffrey Energy Center, Iatan, Greenwood, Nevada, South Harper, Crossroads, Lake Road, and Ralph Green as shown in the supporting workpapers accompanying this filing, specifically tab 8 (A) 2.A (II). 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 3.73% for the average overall rate cap and 2.48% 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 3.73% 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 2.48% 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 workpapers 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 West Large Power and Non-Large Power customers by voltage level is shown below:

Proposed Current Period FARs ($ per kWh)		
Voltage	**Large Power Customers**	**Non-Large Power Customers**
Secondary	$ 0.00034	$ 0.00034
Primary	$ 0.00034	$ 0.00034
Substation	$ 0.00033	$ 0.00033
Transmission	$ 0.00033	$ 0.00033

This is the difference between base FAC includable costs and the actual costs incurred by the Company including interest during the 25th accumulation period of June 2019 through November 2019 and will be billed over the recovery period running from March 2020 through February 2021.

The proposed FAR was calculated in the manner specified in the Company's FAC tariff. 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 23rd accumulation period has been removed as its recovery period will cease in February 2020. The FAR for the 24th accumulation period is added to the FAR for the current 25th accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR for Evergy Missouri West Large Power and Non-Large Power customers is shown in the table below:

Proposed Current Annual FARs ($ per kWh)		
Voltage	**Large Power Customers**	**Non-Large Power Customers**
Secondary	$ 0.00133	$ 0.00175
Primary	$ 0.00132	$ 0.00173
Substation	$ 0.00129	$ 0.00170
Transmission	$ 0.00129	$ 0.00169

As stated earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC charge of $1.75, a decrease to an Evergy Missouri West residential customer's bill of $3.20 per month.

Q: If the rate schedules filed by Evergy Missouri West 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 West actually incurred during the Accumulation Period?

A: Evergy Missouri West'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 West'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 2007 Case?

A: Yes, Evergy Missouri West has been through eight prudence reviews to date. In the most recent prudence review, Case No. EO-2019-0067, Staff found no evidence of imprudence for the items examined during the review period; however, the Office of Public Counsel has challenged the allocation of charges for the auxiliary electric power used by Evergy Missouri West for its steam operations. The Commission issued a Report and Order on November 6, 2019 denying Office of Public Counsel's ("OPC") request for a prudence adjustment related to this issue. On December 5, 2019, OPC filed a Motion for Rehearing or Reconsideration. Therefore, this issue is still pending. In all previous prudence reviews, the MPSC Staff indicated in each of their reports that there were no areas of imprudence identified within the audits with the exception of Staff's recommendation in the Company's third prudence review which was taken before the Commission. However, following the Commission's review, the Commission issued its order stating no indication of imprudence by the Company. In addition, the Company has made 21 true-up filings, all of which were approved by the MPSC. The 22nd true-up filing is being made concurrent with this filing covering the 22nd accumulation period of December 2017 through May 2018 and its corresponding recovery period of September 2018 through August 2019. The Company's calculation of the proposed true-up resulting in an under-recovery for Evergy Missouri West has been included in the calculation of the current proposed tariff change.

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

A: The Company requests the Commission approve the rate schedule to be effective as of March 1, 2020.

Q: Does this conclude your testimony?

A: Yes, it does.

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

P.S.C. MO. No. 1 2nd Revised Sheet No. 127.23

Canceling P.S.C. MO. No. 1 1st 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 2020 through August 2020)

Accumulation Period Ending: November 2019					
			GMO	**Large Power**	**Non-LP**
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$104,627,314		
2	Net Base Energy Cost (B)	-	$102,180,758		
	2.1 Base Factor (BF)		$0.02240		
	2.2 Accumulation Period NSI (S_{AP})		4,561,641,000		
3	(ANEC-B)		$2,446,555		
4	Jurisdictional Factor (J)	x	99.67242%		
5	(ANEC-B)*J		$2,438,541		
6	Customer Responsibility	x	95%		
7	95% *((ANEC-B)*J)		$2,316,614		
8	True-Up Amount (T)	+	$128,984		
9	Interest (I)	+	$567,995		
10	Prudence Adjustment Amount (P)	+	$0		
11	Fuel and Purchased Power Adjustment (FPA)	=	$3,013,594		
	11.1 PISA Deferral (Sec. 393.1400)		$0		
	11.2 FPA Subject to Recover in True-Up		$3,013,594	$797,189*	$2,216,405
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	9,083,449,803	2,415,723,749	6,667,726,054
13	**Current Period Fuel Adjustment Rate (FAR)**	**=**		**$0.00033**	**$0.00033**
14	Current Period FAR_{Sec} = FAR x VAF_{Sec}			$0.00034	$0.00034
15	Prior Period FAR_{Sec}	+		$0.00099	$0.00141
16	Current Annual FAR_{Sec}	=		$0.00133	$0.00175
17	Current Period FAR_{Prim} = FAR x VAF_{Prim}			$0.00034	$0.00034
18	Prior Period FAR_{Prim}	+		$0.00098	$0.00139
19	Current Annual FAR_{Prim}	=		$0.00132	$0.00173
20	Current Period FAR_{Sub} = FAR x VAF_{Sub}			$0.00033	$0.00033
21	Prior Period FAR_{Sub}	+		$0.00096	$0.00137
22	Current Annual FAR_{Sub}	=		$0.00129	$0.00170
23	Current Period FAR_{Trans} = FAR x VAF_{Trans}			$0.00033	$0.00033
24	Prior Period FAR_{Trans}	+		$0.00096	$0.00136
25	Current Annual FAR_{Trans}	=		$0.00129	$0.00169
26	VAF_{Sec} = 1.0426				
27	VAF_{Prim} = 1.0268				
28	VAF_{Sub} = 1.0133				
29	VAF_{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.