

Exhibit No.:  
Issue: Fuel Adjustment Clause  
Witness: Lisa A. Starkebaum  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Evergy Missouri West  
Case No.: ER-2020-0421  
Date Testimony Prepared: June 30, 2020

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2020-0421**

**DIRECT TESTIMONY**

**OF**

**LISA A. STARKEBAUM**

**ON BEHALF OF**

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

**Kansas City, Missouri  
June 2020**

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

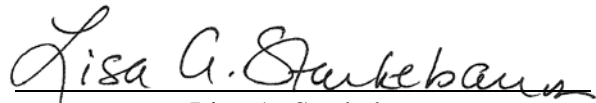
In the Matter of the Application of Evergy Missouri )  
West for Authority to Implement Rate Adjustments ) Case No. ER-2020-0421  
Required by 20 CSR 4240-20.090(8) and the )  
Company's Approved Fuel and Purchased Power )  
Cost Recovery Mechanism )

**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 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.

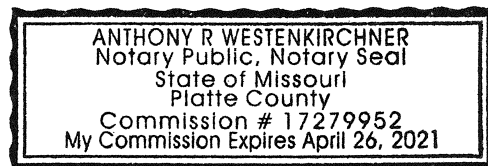
  
\_\_\_\_\_  
Lisa A. Starkebaum

Subscribed and sworn to before me this 30th day of June 2020.

  
\_\_\_\_\_  
Notary Public

My Commission expires:

4/26/2021



**DIRECT TESTIMONY**

**OF**

**LISA A. STARKEBAUM**

**Case No. ER-2020-0421**

1 **Q: Please state your name and business address.**

2 A: My name is Lisa A. Starkebaum. My business address is 1200 Main, Kansas  
3 City, Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy, Inc. or the “Company”, as Manager, Regulatory  
6 Affairs.

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

8 A: My responsibilities include the coordination, preparation and review of financial  
9 information and schedules associated with the Company’s compliance filings for  
10 Evergy including: Evergy Kansas Central, Evergy Kansas Metro, Evergy  
11 Missouri Metro and Evergy Missouri West.

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

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

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

16 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department  
17 assisting with month-end close and reporting responsibilities. In 1997, I joined  
18 Aquila, Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting  
19 group as an Accountant, until joining Regulatory Accounting Services as a

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

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

20 A: Yes, I have testified before the MPSC, the Kansas Corporation Commission  
21 (“KCC” or “Commission”) and have provided written testimony before the Public  
22 Utilities Commission of Colorado. I have sponsored testimony in Missouri related  
23 to various tariff filings involving rider mechanisms utilized by the Company. In

1 addition, I have worked closely with both MPSC and KCC Staff on numerous  
2 filings and rate case matters.

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

4 A: In Case No. ER-2007-0004 (“2007 Case”), Evergy Missouri West, formerly  
5 GMO was authorized to implement a Fuel Adjustment Clause (“FAC”). A FAC  
6 is a way to ensure that customers pay only for the actual cost of fuel they use  
7 during a certain time-period rather than the estimated fuel costs set in base rates.  
8 This FAC tariff filing consists of a Fuel Adjustment Rate (“FAR”) for Evergy  
9 Missouri West. My testimony supports the rate schedule filed to adjust rates for  
10 the FAC includable costs experienced during the six-month period December  
11 2019 through May 2020. This six-month period represents the 26th accumulation  
12 period under Evergy Missouri West’s FAC, which was originally approved by the  
13 Commission in the 2007 Case and modified in Case Nos. ER-2009-0090, ER-  
14 2010-0356 (“2010 Case”), ER-2012-0175 (“2012 Case”), ER-2016-0156 (“2016  
15 Case”), and ER-2018-0146 (“2018 Case”). The proposed FAC charge for  
16 residential customers is a credit rate of (\$0.00002) per kWh. Based on usage of  
17 1,000 kWh per month, the customer will see a monthly charge, or credit, of  
18 (\$0.02). This represents a decrease of \$1.77 to an Evergy Missouri West  
19 residential customer’s monthly bill compared to the prior FAC.

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

22 A: The Commission’s rule governing fuel and purchased power cost recovery  
23 mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8)(A) –

1 requires Evergy Missouri West to make periodic filings to allow the Commission  
2 to review the actual net FAC includable costs the Company has incurred and to  
3 allow rates to be adjusted, either up or down, to reflect those actual costs. The  
4 Commission's rule requires at least one such review and adjustment each year.  
5 Evergy Missouri West's approved FAC calls for two annual filings – one filing  
6 covering the six-month accumulation period running from June through  
7 November and another filing covering the accumulation period running from  
8 December through May. Any increases or decreases in rates in these filings are  
9 then included in the customers' bills over a subsequent 12-month recovery period.

10 For the 26th accumulation period covering December 2019 through May  
11 2020, Evergy Missouri West's actual FAC includable costs fell below the base  
12 energy costs included in base rates by approximately \$7.6 million, a decrease of  
13 \$10 million from the prior 25th accumulation period. In accordance with the  
14 Commission's rule and the Company's approved FAC, Evergy Missouri West is  
15 filing the FAC tariff that provides for a change in rates to refund 95% of those  
16 cost changes, or approximately \$7.3 million before interest.

17 In addition, a true-up filing is being made concurrent with this filing  
18 covering the 23rd accumulation period of June 2018 through November 2018 and  
19 its corresponding recovery period of March 2019 through February 2020. The  
20 proposed 23rd accumulation period true-up amount is an under-collection of  
21 \$3,916,405. Please refer to my direct testimony included in the true-up filing for  
22 an explanation of this under-recovery.

23 **Q: What are some of the drivers impacting this 26<sup>th</sup> accumulation period?**

1 A: Evergy Missouri West's ANEC are \$22 million lower in the 26<sup>th</sup> accumulation  
2 period as compared to the previous 25<sup>th</sup> accumulation period primarily due to a  
3 decrease in purchased power expense of \$18.5 million. Fuel costs are lower in the  
4 26<sup>th</sup> accumulation period by \$6.7 million due to less demand driven by cooler  
5 weather and the COVID-19 pandemic. The 26<sup>th</sup> accumulation period of December  
6 through May is naturally cooler than the previous 25<sup>th</sup> accumulation period of  
7 June through November. In addition, April and May were both 37% cooler than  
8 normal. Iatan 2 was offline in April for 12 days due to market reserve shutdown  
9 and for six days due to forced outage as the result of a steam leak. Lastly, during  
10 the 26<sup>th</sup> accumulation period, there was 29% less generation which resulted in less  
11 excess generation to sell amounting to a 36% decrease in off-system sales  
12 revenues or a decrease of \$3.2 million compared to the prior 25<sup>th</sup> accumulation  
13 period.

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

16 A: Yes, there are a couple of items to note. First, this six-month accumulation period  
17 includes fuel and purchased power costs for the following Evergy Missouri West  
18 generating stations: Jeffrey Energy Center, Iatan, Greenwood, Nevada, South  
19 Harper, Crossroads, Lake Road, and Ralph Green as shown in the supporting  
20 workpapers accompanying this filing, specifically tab 8 (A) 2.A (II). In Case No.  
21 ER-2019-0413, the Company agreed to no longer include Sibley generation  
22 station fuel costs for recovery through the FAC as the plant is now retired.  
23 However, included in December 2019 fuel costs is an adjustment amounting to a

1 credit of (\$779,988). This credit adjustment relates to a reversal for accrued  
2 liquidated damages for the Sibley generating station that dates back to 2009.  
3 These costs were originally accrued for during the September-December 2009  
4 timeframe and were included in the fuel expenses recovered through Missouri  
5 West's FAC. An adjustment to the general ledger was made in December 2019 to  
6 reverse these accruals for Sibley liquidated damages because the Company never  
7 received a bill for this amount from the railroad. The Company does not  
8 anticipate receiving an invoice from the railroad due to the statute of limitations.  
9 The Company believes that because this adjustment dates back to a time period  
10 when the Sibley generating station was in-service and these costs were flowed  
11 through and recovered from customers through the Company's FAC, that it is  
12 prudent to include this credit adjustment in this FAR filing and flow it back to  
13 customers as a reduction in fuel expense.

14 Second, the Company has performed the plant in service accounting  
15 ("PISA") calculations to determine the impact, if any, of this semi-annual FAR  
16 filing on the Average Overall Rate and Class Average Overall Rate for the Large  
17 Power customer class as set forth in the rule under the provisions of section  
18 393.1655 RSMo, rate cap limitations. The compound average growth rate cap  
19 provisions of section 393.1655 RSMo. applied to this FAR filing are 5.2858% for  
20 the average overall rate cap and 3.5090% for the class average overall rate cap for  
21 Large Power customers. The change in the FAC charge proposed in this filing  
22 does not exceed the average overall rate by more than 5.2858% and, as such, the  
23 provisions of section 393.1655.5 do not affect this FAR filing. In addition, the



1 Company is using projected Large Power sales to calculate a Large Power FAC  
2 rate. In accordance with section 393.1655.6 RSMo., the proposed FAC charge  
3 applicable to Large Power customers does not exceed 3.5090% of the class  
4 average overall rate for this rate class. Therefore, there are no PISA adjustments  
5 in this FAR filing.

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

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

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

15 A: The proposed current period FARs for Evergy Missouri West Large Power and  
16 Non-Large Power customers by voltage level is shown below:

17

<b>Proposed Current Period FARs</b>	
<b>Voltage</b>	<b>(\$ per kWh)</b>
Secondary	-\$0.00036
Primary	-\$0.00036
Substation	-\$0.00035
Transmission	-\$0.00035

18

1 This is the difference between base FAC includable costs and the actual costs  
2 incurred by the Company including interest during the 26th accumulation period  
3 of December 2019 through May 2020 and will be billed over the recovery period  
4 running from September 2020 through August 2021.

5 The proposed FAR was calculated in the manner specified in the  
6 Company's FAC tariff. Attached to my testimony, as Schedule LAS-1, is a copy  
7 of the tariff sheet with the current FAR, the prior period FAR and the total FAR  
8 that will be billed to customers over the recovery period. The FAR calculated for  
9 the 24th accumulation period has been removed as its recovery period will cease  
10 in August 2020. The FAR for the 25th accumulation period is added to the FAR  
11 for the current 26th accumulation period to provide the annual FAR. Thus, given  
12 the proposed current FAR calculations, the annual FAR for Evergy Missouri West  
13 Large Power and Non-Large Power customers is shown in the table below:

<b>Proposed Current Annual FARs</b>	
<b>Voltage</b>	<b>(\$ per kWh)</b>
Secondary	-\$0.00002
Primary	-\$0.00002
Substation	-\$0.00002
Transmission	-\$0.00002

14 The proposed Current Annual FARs are again the same for both Large Power and  
15 Non-Large Power customers and are no longer reflected separately on the 3<sup>rd</sup>  
16 Revised Sheet No. 127.23, canceling the 2<sup>nd</sup> Revised Sheet No. 127.23. As stated  
17 earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC  
18 credit of (\$0.00002), a decrease to an Evergy Missouri West residential  
19 customer's bill of \$1.77 per month.

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

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

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

20 A: Yes, Evergy Missouri West has been through eight prudence reviews to date. In  
21 the most recent prudence review, Case No. EO-2019-0067, Staff found no  
22 evidence of imprudence for the items examined during the review period;  
23 however, the Office of Public Counsel (“OPC”) challenged the allocation of

1 charges for the auxiliary electric power used by Evergy Missouri West for its  
2 steam operations. The Commission concluded in its order dated November 6,  
3 2019 that the indirect cost assignment method for allocating costs associated with  
4 auxiliary power between electric and steam operations at Lake Road generating  
5 station was not imprudent and on January 8, 2020, denied OPC's Motion for  
6 Rehearing or Reconsideration. In all previous prudence reviews, the MPSC Staff  
7 indicated in each of their reports that there were no areas of imprudence identified  
8 within the audits with the exception of Staff's recommendation in the Company's  
9 third prudence review which was taken before the Commission. However,  
10 following the Commission's review, the Commission issued its order stating no  
11 indication of imprudence by the Company. In addition, the Company has made  
12 22 true-up filings, all of which were approved by the MPSC. The 23rd true-up  
13 filing is being made concurrent with this filing covering the 23rd accumulation  
14 period of June 2018 through November 2018 and its corresponding recovery  
15 period of March 2019 through February 2020. The Company's calculation of the  
16 proposed true-up resulting in an under-recovery for Evergy Missouri West has  
17 been included in the calculation of the current proposed tariff change.

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

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

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

23 A: Yes, it does.

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

P.S.C. MO. No. 1 3rd Revised Sheet No. 127.23

Canceling P.S.C. MO. No. 1 2nd 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 September 2020 through February 2021)

Accumulation Period Ending: <b>May 2020</b>			
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		\$82,423,213
2	Net Base Energy Cost (B)	-	\$90,121,271
	2.1 Base Factor (BF)		\$0.02240
	2.2 Accumulation Period NSI (S <sub>AP</sub> )		4,023,271,024
3	(ANEC-B)		(\$7,698,058)
4	Jurisdictional Factor (J)	x	99.71085%
5	(ANEC-B)*J		(\$7,675,799)
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		(\$7,292,009)
8	True-Up Amount (T)	+	\$3,886,791
9	Interest (I)	+	\$214,651
10	Prudence Adjustment Amount (P)	+	\$0
11	Fuel and Purchased Power Adjustment (FPA)	=	(\$3,190,567)
	11.1 PISA Deferral (Sec. 393.1400)		\$0
	11.2 FPA Subject to Recover in True-Up		(\$3,190,567)
12	Estimated Recovery Period Retail NSI (S <sub>RP</sub> )	÷	9,098,259,796
13	<b>Current Period Fuel Adjustment Rate (FAR)</b>	<b>=</b>	<b>(\$0.00035)</b>
14	Current Period FAR <sub>Sec</sub> = FAR x VAF <sub>Sec</sub>		(\$0.00036)
15	Prior Period FAR <sub>Sec</sub>	+	\$0.00034
16	Current Annual FAR <sub>Sec</sub>	=	(\$0.00002)
17	Current Period FAR <sub>Prim</sub> = FAR x VAF <sub>Prim</sub>		(\$0.00036)
18	Prior Period FAR <sub>Prim</sub>	+	\$0.00034
19	Current Annual FAR <sub>Prim</sub>	=	(\$0.00002)
20	Current Period FAR <sub>Sub</sub> = FAR x VAF <sub>Sub</sub>		(\$0.00035)
21	Prior Period FAR <sub>Sub</sub>	+	\$0.00033
22	Current Annual FAR <sub>Sub</sub>	=	(\$0.00002)
23	Current Period FAR <sub>Trans</sub> = FAR x VAF <sub>Trans</sub>		(\$0.00035)
24	Prior Period FAR <sub>Trans</sub>	+	\$0.00033
25	Current Annual FAR <sub>Trans</sub>	=	(\$0.00002)
26	VAF <sub>Sec</sub> = 1.0426		
27	VAF <sub>Prim</sub> = 1.0268		
28	VAF <sub>Sub</sub> = 1.0133		
29	VAF <sub>Trans</sub> = 1.0100		