

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2021- 0185
Date Testimony Prepared: December 30, 2020

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2021- 0185

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
December 2020**

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

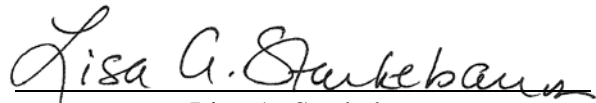
In the Matter of the Application of Evergy Missouri)
West for Authority to Implement Rate Adjustments) Case No. ER-2021- 0185
Required by 20 CSR 4240-20.090(8) and the)
Company's Approved Fuel and Purchased Power)
Cost Recovery Mechanism)

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

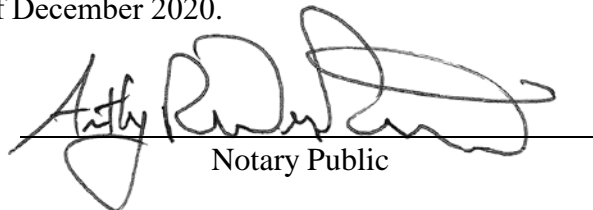
Lisa A. Starkebaum, being first duly sworn on her oath, states:

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 nine (9) 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

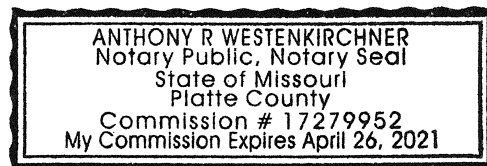
Subscribed and sworn to before me this 30th day of December 2020.



Notary Public

My Commission expires:

4/26/2021



DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2021-0185

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”, formerly Kansas City Power &
6 Light Company (“KCP&L”), as Manager, Regulatory 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 June through
11 November 2020. This six-month period represents the 27th accumulation period
12 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 \$0.00081 per kWh. Based on usage of 1,000 kWh per
17 month, the customer will see a monthly charge of \$0.81. This represents an
18 increase of \$0.83 to an Evergy Missouri West residential customer’s monthly bill
19 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 27th accumulation period covering June through November 2020,
11 Evergy Missouri West's actual FAC includable costs exceeded the base energy
12 costs included in base rates by approximately \$9.6 million, an increase of \$17
13 million from the prior 26th 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 recover 95% of those
16 cost changes, or approximately \$9.1 million before interest.

17 In addition, a true-up filing is being made concurrent with this filing
18 covering the 24th accumulation period of December 2018 through May 2019 and
19 its corresponding recovery period of September 2019 through August 2020. The
20 proposed 24th accumulation period true-up amount is an under-collection of
21 \$765,678. Please refer to my direct testimony included in the true-up filing for an
22 explanation of this under-recovery.

23 **Q: What are some of the drivers impacting this 27th accumulation period?**

1 A: Evergy Missouri West's Actual Net Energy Costs ("ANEC") are \$28 million
2 higher in the 27th accumulation period as compared to the previous 26th
3 accumulation period primarily due to a 40% increase in purchased power expense
4 of \$26.6 million. Fuel costs are higher in the 27th accumulation period by \$7
5 million driven by 36% more generation. The 27th accumulation period of June
6 through November is naturally warmer than the previous 26th accumulation
7 period of December through May resulting in increased demand. Lastly, during
8 the 27th accumulation period, there was an 89% increase in off-system sales
9 revenues of \$5.2 million compared to the prior 26th accumulation period.

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

12 A: The Company has performed the plant in service accounting ("PISA")
13 calculations to determine the impact, if any, of this semi-annual FAR filing on the
14 Average Overall Rate and Class Average Overall Rate for the Large Power
15 customer class as set forth in the rule under the provisions of section 393.1655
16 RSMo, rate cap limitations. The compound annual growth rate ("CAGR") cap
17 provisions of section 393.1655 RSMo. applied to this FAR filing are 6.8312% for
18 the average overall rate cap and 4.5246% for the class average overall rate cap for
19 Large Power customers. The change in the FAC charge proposed in this filing
20 does not exceed the average overall rate by more than 6.8312% and, as such, the
21 provisions of section 393.1655.5 do not affect this FAR filing. In addition, the
22 Company is using projected Large Power sales to calculate a Large Power FAC
23 rate. In accordance with section 393.1655.6 RSMo., the proposed FAC charge

1 applicable to Large Power customers does not exceed 4.5246% of the class
2 average overall rate for this rate class. Therefore, there are no PISA adjustments
3 in this FAR filing.

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

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

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

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

15

Proposed Current Period FARs	
Voltage	(\$ per kWh)
Secondary	\$0.00117
Primary	\$0.00115
Substation	\$0.00113
Transmission	\$0.00113

16

17 This is the difference between base FAC includable costs and the actual costs
18 incurred by the Company including interest during the 27th accumulation period

1 of June through November 2020 and will be billed over the recovery period
2 running from March 2021 through February 2022.

3 The proposed FAR was calculated in the manner specified in the
4 Company's FAC tariff. Attached to my testimony, as Schedule LAS-1, is a copy
5 of the tariff sheet with the current FAR, the prior period FAR and the total FAR
6 that will be billed to customers over the recovery period. The FAR calculated for
7 the 25th accumulation period has been removed as its recovery period will cease
8 in February 2021. The FAR for the 26th accumulation period is added to the FAR
9 for the current 27th accumulation period to provide the annual FAR. Thus, given
10 the proposed current FAR calculations, the annual FAR for Evergy Missouri West
11 Large Power and Non-Large Power customers is shown in the table below:
12

Proposed Current Annual FARs	
Voltage	(\$ per kWh)
Secondary	\$0.00081
Primary	\$0.00079
Substation	\$0.00078
Transmission	\$0.00078

13
14 As stated earlier, based on usage of 1,000 kWh per month, this will result in a
15 monthly FAC charge of \$0.00081, an increase to an Evergy Missouri West
16 residential customer's bill of \$0.83 per month compared to the prior FAC.

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

1 **costs that Evergy Missouri West actually incurred during the Accumulation**
2 **Period?**

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

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

17 A: Yes, Evergy Missouri West has been through eight prudence reviews to
18 date. The Company's current ninth prudence review, Case No. EO-2020-0262,
19 will conclude subsequent to the December 30th filing date of this FAC tariff rate
20 update. A Partial Stipulation and Agreement was filed on December 18, 2020 in
21 this case. In this Stipulation the Company has agreed to remove Sibley retirement
22 costs previously included in the 23rd accumulation period (Case No. ER-2019-
23 0198) from its FAC calculation amounting to \$1,039,646, or \$984,898 Missouri

1 jurisdictional and 95% sharing applied. This adjustment will be made in Evergy
2 Missouri West's first FAR case following a Commission order approving this
3 Stipulation.

4 In all previous prudence reviews, the MPSC Staff indicated in each of
5 their reports that there were no areas of imprudence identified within the audits
6 with the exception of Staff's recommendation in the Company's third prudence
7 review which was taken before the Commission. However, following the
8 Commission's review, the Commission issued its order stating no indication of
9 imprudence by the Company.

10 In addition, the Company has made 23 true-up filings, all of which were
11 approved by the MPSC. The 24th true-up filing is being made concurrent with
12 this filing covering the 24th accumulation period of December 2018 through May
13 2019 and its corresponding recovery period of September 2019 through August
14 2020. The Company's calculation of the proposed true-up resulting in an under-
15 recovery for Evergy Missouri West has been included in the calculation of the
16 current proposed tariff change.

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

19 A: The Company requests the Commission approve the rate schedule to be effective
20 as of March 1, 2021.

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

22 A: Yes, it does.

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

P.S.C. MO. No. 1 4th Revised Sheet No. 127.23

Canceling P.S.C. MO. No. 1 3rd 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 2021 through August 2021)

Accumulation Period Ending: November 2020		
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$110,662,965
2	Net Base Energy Cost (B)	- \$101,046,332
	2.1 Base Factor (BF)	\$0.02240
	2.2 Accumulation Period NSI (S _{AP})	4,510,996,979
3	(ANEC-B)	\$9,616,633
4	Jurisdictional Factor (J)	x 99.70003%
5	(ANEC-B)*J	\$9,587,786
6	Customer Responsibility	x 95%
7	95% *((ANEC-B)*J)	\$9,108,397
8	True-Up Amount (T)	+ \$765,678
9	Interest (I)	+ \$19,080
10	Prudence Adjustment Amount (P)	+ \$0
11	Fuel and Purchased Power Adjustment (FPA)	= \$9,893,155
	11.1 PISA Deferral (Sec. 393.1400)	\$0
	11.2 FPA Subject to Recover in True-Up	\$9,893,155
12	Estimated Recovery Period Retail NSI (S _{RP})	÷ 8,828,333,842
13	Current Period Fuel Adjustment Rate (FAR)	= \$0.00112
14	Current Period FAR _{Sec} = FAR x VAF _{Sec}	\$0.00117
15	Prior Period FAR _{Sec}	+ (\$0.00036)
16	Current Annual FAR _{Sec}	= \$0.00081
17	Current Period FAR _{Prim} = FAR x VAF _{Prim}	\$0.00115
18	Prior Period FAR _{Prim}	+ (\$0.00036)
19	Current Annual FAR _{Prim}	= \$0.00079
20	Current Period FAR _{Sub} = FAR x VAF _{Sub}	\$0.00113
21	Prior Period FAR _{Sub}	+ (\$0.00035)
22	Current Annual FAR _{Sub}	= \$0.00078
23	Current Period FAR _{Trans} = FAR x VAF _{Trans}	\$0.00113
24	Prior Period FAR _{Trans}	+ (\$0.00035)
25	Current Annual FAR _{Trans}	= \$0.00078
26	VAF _{Sec} = 1.0426	
27	VAF _{Prim} = 1.0268	
28	VAF _{Sub} = 1.0133	
29	VAF _{Trans} = 1.0100	