

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2020-0221
Date Testimony Prepared: January 31, 2020

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2020-0221

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
January 2020**

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2020-0221

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-2014-0370, Evergy Missouri Metro was authorized to implement
5 a Fuel Adjustment Clause (“FAC”). A FAC is a way to ensure that customers pay
6 only for the actual cost of fuel they use during a certain time-period rather than
7 the estimated fuel costs set in base rates. This FAC tariff filing consists of a Fuel
8 Adjustment Rate (“FAR”) for Evergy Missouri Metro. My testimony supports the
9 rate schedule filed to adjust rates for the FAC includable costs experienced during
10 the six-month period July 2019 through December 2019. This six-month period
11 represents the ninth accumulation period under Evergy Missouri Metro’s FAC,
12 which was originally approved by the Commission in Case No. ER-2014-0370
13 (“2014 Case”) and modified in Case Nos. ER-2016-0285 (“2016 Case”) and ER-
14 2018-0145 (“2018 Case”). The proposed FAC charge for Missouri residential
15 customers is \$0.00011 per kWh. Based on usage of 1,000 kWh per month, the
16 customer will see a monthly charge of \$0.11. This represents a decrease of \$0.62
17 to an Evergy Missouri Metro residential customer’s monthly bill compared to the
18 prior FAC.

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

21 A: The Commission’s rule governing fuel and purchased power cost recovery
22 mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8)(A) –
23 requires Evergy Missouri Metro to make periodic filings to allow the Commission

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

9 For the ninth accumulation period covering the period of July 2019
10 through December 2019, Evergy Missouri Metro’s actual FAC includable costs
11 exceeded the base energy costs included in base rates by approximately \$4.0
12 million, an increase of \$6.2 million compared to the prior eighth accumulation
13 period of January 2019 through June 2019. In accordance with the Commission’s
14 rule and Evergy Missouri Metro’s approved FAC, Evergy Missouri Metro is filing
15 the FAC tariff that provides for a change in rates to return 95% of those cost
16 changes, or approximately \$3.8 million before interest.

17 In addition, a true-up filing is being made concurrent with this filing
18 covering the sixth accumulation period of January 2018 through June 2018 and its
19 corresponding recovery period of October 2018 through September 2019. The
20 proposed sixth accumulation period true-up amount is an over-recovery of
21 \$398,042. This amount offsets the ninth accumulation period interest of \$79,418
22 for a total ninth accumulation period Fuel and Purchased Power Adjustment
23 (“FPA”) of \$3.5 million.

1 **Q: What are some of the drivers impacting this semi-annual FAC filing?**

2 A: Evergy Missouri Metro's actual FAC includable costs in the ninth accumulation
3 were \$22.0 million higher than they were in the previous eighth accumulation
4 primarily due to increased purchased power expense of \$9.0 million and
5 decreased off-system sales revenue of \$16.5 million. These amounts are offset by
6 a decrease in fuel costs amounting to \$3.6 million.

7 There was a significant decrease in off-system sales revenue over the
8 eighth accumulation period as less generation was available to sell to Southwest
9 Power Pool ("SPP") Integrated Marketplace which offsets FAC includable costs.
10 Evergy Missouri Metro also experienced several outages during this ninth
11 accumulation period. Hawthorn was offline for most of the month of October and
12 Iatan 1 had a scheduled fall outage that began in September and ran through much
13 of November. In addition, Wolf Creek was offline for its planned maintenance
14 and refueling outage that began in September and continued through early
15 November. Finally, there was a 9% increase in Net System Input ("NSI") in the
16 ninth accumulation period over the eighth accumulation period. September was
17 87% warmer than normal and October was 95% cooler than normal, which
18 contributed to higher retail load requirements or NSI.

	KCI				KCI			
	Actual	30 Year Normal			Actual	30 Year Normal		
	CDD65	CDD65	Act-Normal		HDD55	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%
Dec	-	-	-	-	523	693	(170)	-25%

1

2 **Q: Is there anything else impacting this semi-annual FAC filing that should be**
3 **mentioned?**

4 A: Yes. The Company has performed the plant in service accounting (“PISA”)
5 calculations to determine the impact, if any, of this semi-annual FAR filing on the
6 Average Overall Rate and Class Average Overall Rate for the Large Power
7 customer class as set forth in the rule under the provisions of section 393.1655
8 RSMo, rate cap limitations. The compound average growth rate cap provisions of
9 section 393.1655 RSMo. applied to this FAR filing are 3.99% for the average
10 overall rate cap and 2.65% for the class average overall rate cap for Large Power
11 customers. The change in the FAC charge proposed in this filing does not exceed
12 the average overall rate by more than 3.99% and, as such, the provisions of
13 section 393.1655.5 do not affect this FAR filing. In addition, the Company is
14 using projected Large Power sales to calculate a Large Power FAC rate. In
15 accordance with section 393.1655.6 RSMo., the proposed FAC charge applicable
16 to Large Power customers does not exceed 2.65% of the class average overall rate
17 for this rate class. Therefore, there are no PISA adjustments in this FAR filing

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

3 A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in
4 conjunction with this testimony contains all the information as set in 20 CSR
5 4240-20.090(8)(2)(A) which supports these proposed rates. In addition, I am
6 submitting a copy of the work papers that support the determination of the current
7 FAR.

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

10 A: The proposed current period FARs for Evergy Missouri Metro's customers by
11 voltage level is shown below:

Proposed Current Period FARs	
(\$ per kWh)	
Voltage	Rates
Transmission	\$0.00040
Substation	\$0.00040
Primary	\$0.00040
Secondary	\$0.00041

12
13 This is the difference between the base FAC includable costs and the actual costs
14 incurred by the Company including interest and adjustments during the current
15 ninth accumulation period of July 2019 through December 2019 and will be billed
16 over a recovery period running from April 2020 through March 2021.

17 The proposed FAR was calculated in the manner specified in the
18 Company's FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the
19 tariff sheet with the current FAR, the prior period FAR and the total FAR that will

1 be billed to customers over the recovery period. The FAR calculated for the
2 seventh accumulation period has been removed as its recovery period will cease
3 in March 2020. The FAR for the eighth accumulation period is added to the FAR
4 for the current ninth accumulation period to provide the annual FAR. Thus, given
5 the proposed current FAR calculations, the annual FARs for Evergy Missouri
6 Metro customers are shown in the table below:

Proposed Current Annual FARs	
(\$ per kWh)	
Voltage	Rates
Transmission	\$0.00012
Substation	\$0.00012
Primary	\$0.00011
Secondary	\$0.00011

7
8 As stated earlier, this will result in a decrease of approximately \$0.62 per month
9 for residential customers using 1,000 kWh per month.

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

15 A: Evergy Missouri Metro’s FAC and the Commission’s rules provide two
16 mechanisms to ensure that amounts billed to customers do not exceed the
17 Company’s actual, prudently-incurred fuel and purchased power costs. First, at
18 the end of each recovery period the Company is required to true up the amounts
19 billed to customers through the FAR with the excess fuel and purchased power

1 costs that were actually incurred during the accumulation period to which the
2 FAR applies. Second, the Company’s fuel and purchased power costs are subject
3 to periodic prudence reviews to ensure that only prudently-incurred fuel and
4 purchased power costs are billed to customers through Evergy Missouri Metro’s
5 FAC. These two mechanisms serve as checks to ensure that the Company’s
6 customers pay only the prudently-incurred, actual costs of fuel and purchased
7 power used to provide electric service.

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

10 A: Yes, Evergy Missouri Metro has made five true-up filings, all of which were
11 approved by the MPSC. The sixth true-up filing is being made concurrent with
12 this semi-annual filing covering the sixth accumulation period of January 2018
13 through June 2018 and its corresponding recovery period of October 2018
14 through September 2019. The Company’s calculation of the proposed true-up
15 resulting in an over-recovery for Evergy Missouri Metro has been included in the
16 calculation of the current proposed tariff change.

17 In addition, Evergy Missouri Metro has been through two prudence
18 reviews to date. In the most recent prudence review, Case No. EO-2019-0067,
19 MPSC Staff found imprudence with Evergy Missouri Metro related to the
20 expiration of Renewable Energy Credits (“RECs”). In addition, the Office of
21 Public Counsel (“OPC”) challenged Evergy Missouri Metro’s execution of two
22 wind purchased power agreements. Following evidentiary hearings in August
23 2019, the Commission issued a Report and Order on November 6, 2019 denying

1 both Staff and OPC's requests for prudence adjustments related to these issues.
2 On December 5, 2019, OPC filed a Motion for Rehearing or Reconsideration on
3 the wind purchased power agreements; however, on January 8, 2020 the
4 Commission denied OPC's Motion. In Evergy Missouri Metro's first prudence
5 review, the Commission issued its order stating no indication of imprudence by
6 the Company.

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

9 A: The Company requests the Commission approve the rate schedules to be effective
10 as of April 1, 2020.

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

12 A: Yes, it does.

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

P.S.C. MO. No. 7 3rd Revised Sheet No. 50.31
 Canceling P.S.C. MO. No. 7 2nd 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 April 1, 2020 through September 30, 2020

Accumulation Period Ending:		December 31, 2019
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$144,844,932
2	Net Base Energy Cost (B)	- \$137,892,131
	2.1 Base Factor (BF)	\$0.01675
	2.2 Accumulation Period NSI (S _{AP})	8,232,366,000
3	(ANEC-B)	\$6,952,802
4	Jurisdictional Factor (J)	x 57.80378%
5	(ANEC-B)*J	\$4,018,982
6	Customer Responsibility	x 95%
7	95% *((ANEC-B)*J)	\$3,818,033
8	True-Up Amount (T)	+\$398,042
9	Interest (I)	+\$79,418
10	Prudence Adjustment Amount (P)	+\$0
11	Fuel and Purchased Power Adjustment (FPA)	= \$3,499,409
12	Estimated Recovery Period Retail NSI (S _{RP})	÷ 8,880,647,913
13	Current Period Fuel Adjustment Rate (FAR)	= \$0.00039
14		
15	Current Period FAR _{Trans} = FAR x VAF _{Trans}	\$0.00040
16	Prior Period FAR _{Trans}	+\$0.00028
17	Current Annual FAR _{Trans}	= \$0.00012
18		
19	Current Period FAR _{Sub} = FAR x VAF _{Sub}	\$0.00040
20	Prior Period FAR _{Sub}	+\$0.00028
21	Current Annual FAR _{Sub}	= \$0.00012
22		
23	Current Period FAR _{Prim} = FAR x VAF _{Prim}	\$0.00040
24	Prior Period FAR _{Prim}	+\$0.00029
25	Current Annual FAR _{Prim}	= \$0.00011
26		
27	Current Period FAR _{Sec} = FAR x VAF _{Sec}	\$0.00041
28	Prior Period FAR _{Sec}	+\$0.00030
29	Current Annual FAR _{Sec}	= \$0.00011
30	VAF _{Trans} = 1.0129	
31	VAF _{Sub} = 1.0162	
32	VAF _{Prim} = 1.0383	
33	VAF _{Sec} = 1.0592	