

Roger W. Steiner Corporate Counsel Telephone: 816-556-2314 Fax: 816-556-2787 roger.steiner@evergy.com

January 18, 2023

Mr. Morris Woodruff Secretary/Chief Regulatory Law Judge Missouri Public Service Commission 200 Madison Street, Suite 100 Jefferson City, MO 65102

Re: Tariff Schedule to Adjust FAC Rate of Evergy Missouri West

Dear Mr. Woodruff:

On December 30, 2022, Evergy Missouri West or the "Company" filed proposed rate schedules to adjust charges related to the Company's approved Fuel Adjustment Clause ("FAC"). Staff identified during their review that additional interest was not applied to the ordered prudence adjustment from Case No. EO-2022-0065. Therefore, the Company is making this substitute tariff filing for this correction. The proposed rate schedule bears an issue date of December 30, 2022, and an effective date of March 1, 2023.

In the Company's tenth prudence review, Case No. EO-2022-0065, the Commission approved the Non-Unanimous Partial Stipulation and Agreement filed on July 25, 2022 where the Company agreed, with no admission of imprudence, to a one-time FAC adjustment of \$48,796.34 for 2017 vintage expired RECs. The 2017 vintage RECs would have expired as of December 31, 2020; therefore, additional interest has been calculated from January 2021 through November 2022 in the amount of \$1,968.20.

Evergy Missouri West also performed the plant in service accounting ("PISA") calculations to determine the impact, if any, on the Average Overall Rate and the Class Average Overall Rate for the Large Power customer class set forth in section 393.1655 RSMo, rate cap limitations. Base revenues have been updated from the Company's most recent 2022 general rate case (ER-2022-0130). The compound annual growth rate ("CAGR") cap provisions of section 393.1655 RSMo applied to this FAR filing are 13.3372% for the average overall rate cap and 8.7474% for the class average overall rate cap for Large Power customers. As discussed in testimony filed on December 30, 2022, the FAC charge proposed in this filing does exceed the average overall rate of 13.3372%. The Company has removed approximately \$47.9 million from recovery through the FAC and has included this amount in a PISA regulatory asset for consideration in a future general rate proceeding. In addition, the proposed FAC charge for Large Power customers also exceeds the 8.7474% of the class average overall rate for this customer class; therefore, the Company limited the increase in the FAC charge

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applicable to the Large Power customers by \$1.4 million which is redistributed to the Non-Large Power customer classes for recovery per section 393.1655.6.

As a result of the additional interest correction, the proposed FAC charge for residential customers remains the same as the earlier proposal of \$0.01348 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of \$13.48. This represents an increase of \$1.10 to an Evergy Missouri West residential customer's monthly bill compared to the prior FAC.

Copies of the proposed FAC-related rate schedules and all supporting materials described in this letter will be served electronically, this date, on the Commission's General Counsel, the Office of Staff Counsel, the Office of Public Counsel, and each party to Case No. ER-2018-0146.

Please provide a copy of all correspondence, notices, orders, and other communications that relate to this filing to the following as well as undersigned counsel:

Lisa A. Starkebaum Manager - Regulatory Affairs Evergy, Inc. 1200 Main Street – 19th Floor Kansas City, Missouri 64105

Phone: (816) 652-1277 Fax: (816) 556-2110

Email: <u>lisa.starkebaum@evergy.com</u>

Respectfully submitted,

|s| Roger W. Steiner

Roger W. Steiner Corporate Counsel

cc: Office of the General Counsel
Office of Staff Counsel
Office of the Public Counsel



Roger W. Steiner Corporate Counsel Telephone: 816-556-2314 Fax: 816-556-2787 roger.steiner@evergy.com

December 30, 2022

Mr. Morris Woodruff Secretary/Chief Regulatory Law Judge Missouri Public Service Commission 200 Madison Street, Suite 100 Jefferson City, MO 65102

Re: Tariff Schedule to Adjust FAC Rate of Evergy Missouri West

Dear Mr. Woodruff:

Pursuant to 20 C.S.R. 4240-20.090(8) of the regulations of the Missouri Public Service Commission ("Commission"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West or the "Company" hereby submits proposed rate schedules to adjust charges related to the Company's approved Fuel Adjustment Clause ("FAC"). The proposed rate schedule bears an issue date of December 30, 2022, and an effective date of March 1, 2023.

This FAC tariff filing for the 31st accumulation period covering June through November 2022, Evergy Missouri West's actual FAC includable costs exceeded the base energy costs included in base rates by approximately \$107 million. 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 \$101.5 million, and is before true-up, interest, or ordered adjustment.

In addition, a true-up filing is also being made concurrent with this filing covering the 28th accumulation period of December 2020 through May 2021 and its corresponding recovery period of September 2021 through August 2022. The proposed 28th accumulation period true-up amount is an under-recovery of \$220,443. This under-recovery is offset by an ordered adjustment from the Company's tenth FAC prudence review amounting to (\$48,796) resulting in a total true-up amount of \$171,647. In summary, all of these amounts combined including interest of \$2.5 million result in a total 31st accumulation period Fuel and Purchased Power Adjustment ("FPA") of approximately \$104.2 million.

Evergy Missouri West also performed the plant in service accounting ("PISA") calculations to determine the impact, if any, on the Average Overall Rate and the Class Average Overall Rate for the Large Power customer class set forth in section 393.1655 RSMo, rate cap limitations. Base revenues have been updated from the Company's most recent 2022 general rate case (ER-2022-0130). The compound annual growth rate ("CAGR") cap provisions of section 393.1655 RSMo applied to this FAR filing are 13.3372% for the average overall rate cap and 8.7474% for the class average overall rate cap for Large Power customers. As discussed in testimony, the FAC charge proposed in this filing does exceed the average overall rate of 13.3372%. The Company has removed approximately \$47.9 million from recovery through the FAC and has included this amount in a PISA regulatory asset for consideration in a future general rate proceeding. In addition, the proposed FAC charge for Large Power customers also exceeds the 8.7474% of the class average overall rate for this customer class; therefore, the Company limited the increase in the FAC charge applicable to the Large Power customers by \$1.4 million which is redistributed to the Non-Large Power customer classes for recovery per section 393.1655.6.

The tariff being submitted with this filing reflects recovery of \$56.3 million of FAC-related costs in the fuel adjustment rate effective March 1, 2023, after the PISA deferral of \$47.9 million resulting from exceeding the 3 percent CAGR rate cap, and results in a proposed FAC charge for residential customers of \$0.01348 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of \$13.48. This represents an increase of \$1.10 to an Evergy Missouri West residential customer's monthly bill compared to the prior FAC.

Direct Testimony and supporting schedules of Lisa A. Starkebaum are submitted concurrently herewith along with schedules containing the information required by 20 C.S.R. 4240-20.090(8), including all workpapers that support the proposed rate schedules. In addition, this FAR filing is being supplemented with the Direct Testimony of Darrin R. Ives who addresses the significant costs and external factors that continued to impact this accumulation period as well as the PISA legislation regarding the deferral of FAC-related costs in excess of the 3 percent CAGR rate cap.

Copies of the proposed FAC-related rate schedules and all supporting materials described in this letter will be served electronically, this date, on the Commission's General Counsel, the Office of Staff Counsel, the Office of Public Counsel, and each party to Case No. ER-2018-0146.

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