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July 1, 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 (formerly KCP&L Greater Missouri Operations Company or "KCP&L-GMO") 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 July 1, 2022, and an effective date of September 1, 2022.

This FAC tariff filing consists of actual fuel and purchased power costs, net of off-system sales revenues incurred by the Company and an updated adjustment for "extraordinary costs" incurred as a result of the mid-February 2021 cold weather event known as Winter Storm Uri. For the 30th accumulation period covering December 2021 through May 2022, Evergy Missouri West's "adjusted" actual FAC includable costs exceeded the base energy costs included in base rates by approximately $46 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 $43.7 million, subject to adjustment for the plant-in-service accounting ("PISA") deferral described below, 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 27th accumulation period of June 2020 through November 2020 and its corresponding recovery period of March 2021 through February 2022. The proposed 27th accumulation period true-up amount is an under-recovery of $522,660. Also included in this filing is an ordered adjustment of $160,892 plus interest. These amounts combined along with the interest result in a total 30th accumulation period Fuel and Purchased Power Adjustment ("FPA") of approximately $44.6 million before any further adjustment.

In this Fuel Adjustment Rate ("FAR") filing, the Company proposes that $31.0 million of extraordinary fuel costs not pass through its FAC. As described above and in the direct testimony of Lisa Starkebaum and Darrin Ives, including $44.6 million in the fuel adjustment rate now will cause the overall rate increase resulting from the current 2022 Evergy Missouri West general rate proceeding to exceed the 3 percent Compound Annual Growth Rate ("CAGR") cap under section 393.1655.5[1]. For the reasons set out below and supported by the testimony provided, this outcome is not reasonable. Evergy Missouri West therefore proposes to include $13.6 million of FAC-related costs in the fuel adjustment rate effective September 1, 2022 and defer the balance of $31 million for further treatment in a subsequent general rate case.

Allowing extraordinary increases in fuel costs to curtail the base rate change in Evergy Missouri West's current general rate case is contrary to the policy set out in both the PISA statute as well as the FAC rule itself. Importantly, the rate increase to result from the Company's general rate case would not be close to the 3 percent CAGR cap *but for* the impact of FAC-related costs. It is important to remember that, in Missouri, unlike any other state of which we are aware, FAC-related costs are recovered via both base rates (which are adjusted in general rate proceedings) and fuel adjustment rates (which are adjusted in fuel adjustment proceedings). Section 393.1655.5[2] provides for the deferral of amounts that would cause the Company's fuel adjustment rate to exceed a CAGR of 3 percent and, further provides, that such deferred amounts shall be included in a regulatory asset (under PISA, as provided in section 393.1400) and recovered in rates in the same manner as provided in section 393.1400.2(1) - (3) (i.e., included in rate base and amortized over 20 years).

Because the rate increase expected from the Company's general rate proceeding would not exceed the 3 percent CAGR cap *but for* the impact of FAC-related costs and because, as discussed by Company witness Darrin Ives, the Company's FAC-related costs are significantly impacted by external factors outside of our control and have been subject to inflationary pressures not seen for more than forty years due to the extraordinary events of the pandemic

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[1] All statutory references are to Revised Statutes of Missouri.

[2] Section 5 of the PISA statute states: If a change in any rates charged under a rate adjustment mechanism approved by the commission under sections 386.266 and 393.1030 would cause an electrical corporation's average overall rate to exceed the compound annual growth rate limitation set forth in subsection 3 or 4 of this section, the electrical corporation shall reduce the rates charged under that rate adjustment mechanism in an amount sufficient to ensure that the compound annual growth rate limitation set forth in subsection 3 or 4 of this section is not exceeded due to the application of the rate charged under such mechanism and the performance penalties under such subsections are not triggered. Sums not recovered under any such mechanism because of any reduction in rates under such a mechanism pursuant to this subsection *shall be deferred* to and included in the regulatory asset arising under section 393.1400 or, if applicable, under the regulatory and ratemaking treatment ordered by the commission under section 393.1400, and recovered through an amortization in base rates in the same manner as deferrals under that section or order are recovered in base rates. (emphasis added)

and Russia's war on Ukraine, the Company seeks a deferral in a regulatory asset under section 393.1655.5. Though not implicated here, the existence of a "force majeure" concept included in section 393.1655.7(7) further demonstrates the legislature's intent that the utility not be penalized for fuel costs outside of its control.

For the reasons set out above, a deferral is also consistent with section XI of the Commission's FAC rule given the extraordinary circumstances surrounding the Company's fuel cost not to pass through the FAC due to such costs being an insured loss, or subject to reduction due to litigation or *for any other reason*. Thus, this section of the FAC rule allows the utility to request a deferral of "extraordinary costs" that would otherwise flow through the FAC.

The Company's proposal also avoids, for purposes of the fuel adjustment rate to be effective on September 1, 2022, exceeding the 2 percent CAGR cap applicable to large power customers under section 393.1655.6 which would be triggered if the Company includes the full $44.6 million in FAC-related costs in the fuel adjustment rate now, requiring excess amounts to be re-allocated to other customer classes for recovery.

In Case No. EO-2019-0045, the Company elected to make the PISA deferrals permitted under section 393.1400, effective January 1, 2019. The Company performed the PISA calculations to determine the impact, if any, of this adjusted 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 change in the FAC charge proposed in this filing does not exceed the average overall rate or the Large Power class average overall rate under the CAGR caps prescribed by section 393.1655.

The tariff being submitted with this filing reflects recovery of the $13.6 million of FAC-related costs in the fuel adjustment rate effective September 1, 2022, after removal of the PISA deferral amount, and results in a proposed FAC charge for residential customers of $0.00737 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $7.37. This represents an increase of $0.87 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 is addressing the extraordinary costs and external factors impacting this accumulation period and the reasons for deferring such extraordinary cost increases.

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:

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Respectfully submitted,

/s/ Roger W. Steiner

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cc: Office of the General Counsel
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