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August 31, 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:

On July 1, 2022, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (formerly KCP&L Greater Missouri Operations Company or “KCP&L-GMO”) or the “Company” filed proposed rate schedules to adjust charges related to the Company’s approved Fuel Adjustment Clause (“FAC”), Case No. ER-2023-0011. On July 28, 2022, Staff for the Missouri Public Service Commission (“Staff”) filed its *Staff Recommendation* and on August 24, 2022, the Commission issued its *Order Rejecting Tariff to Change Fuel Adjustment Rates*. This is explained in more detail below. Evergy Missouri West is now making this new tariff filing as a result of discussions between Company and Staff to allow a proposed adjustment for amounts not now in question to be included in an interim FAC tariff revision. The proposed rate schedule bears an issue date of August 31, 2022, and an effective date of October 1, 2022.

In the Company’s proposed Fuel Adjustment Rate (“FAR”) filing on July 1, 2022, the Company proposed that \$31.0 million of extraordinary fuel costs not pass through its FAC. As described 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 393.1655.5¹. For the reasons set out and supported by the testimony provided, this outcome is not reasonable. Evergy Missouri West therefore proposed 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.

In Staff’s Recommendation filed on July 28, 2022, Staff recommended the Commission issue an order rejecting the proposed tariff and direct Evergy Missouri West to file a substituted tariff sheet that includes the \$31 million fuel costs in this AP 30 filing that Evergy has proposed to defer to the Plant in Service Accounting (“PISA”) regulatory asset. Further, if the Commission supports Staff’s position that the \$31 million in fuel costs must be included in the FAR filing, but timing prevents inclusion in the current FAR, Staff recommends including the \$31 million in the next FAR filing. Evergy Missouri West filed its *Response to Staff Recommendation and Request for Hearing* on August 8, 2022. On August 15, 2022, Staff filed its Response to Evergy Missouri

¹ All statutory references are to Revised Statutes of Missouri.

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West reaffirming its position that the proposed tariff sheet be rejected and a substituted tariff be filed including the \$31 million in fuel costs. However, if the Commission approves the proposed tariff on an interim basis, then Staff agrees that a hearing be held regarding the \$31 million disputed amount.

On August 24, 2022, the Commission issued its *Order Rejecting Tariff to Change Fuel Adjustment Rates*. Parties are directed to file a proposed procedural schedule by September 12, 2022. In addition, Evergy Missouri West may file any revised tariff sheets necessary to implement interim fuel adjustment rates consistent with uncontested components of Evergy Missouri West's proposed fuel adjustment rates.

This proposed interim tariff revision reflects recovery of the \$13.6 million of FAC-related costs in the fuel adjustment rate, after removal of the \$31 million deferral amount now in dispute. Evergy Missouri West and Staff agree that the proposed interim FAC tariff revision should go into effect within 30 days, or October 1, 2022. Evergy Missouri West and Staff also agree that the current effective tariff rates (6th Revised Sheet No. 127.23) that went into effect on March 1, 2022, will remain in effect for an additional month through September 30, 2022.

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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