

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 11th day of March, 2020.

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Metro Containing its)
Semi-Annual Fuel Adjustment Clause True-)
Up)

File No. EO-2020-0220

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Metro for Authority)
to Implement Rate Adjustments Required by)
20 CSR 4240-20.090(8) and the Company's)
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)
)

File No. ER-2020-0221
Tariff No. JE-2020-0122

**ORDER RESOLVING ANNUAL FUEL ADJUSTMENT CLAUSE
TRUE-UP AND TARIFF**

Issue Date: March 11, 2020

Effective Date: April 1, 2020

On January 31, 2020, Evergy Metro, Inc. d/b/a Evergy Metro (Evergy Metro) submitted an application in File Number EO-2020-0220 containing its true-up filing for its Fuel Adjustment Clause (FAC) to remedy an over-collection of \$398,042. Evergy Metro also requests that the Commission approve an implementation tariff in File Number ER-2020-0221. The tariff, as substituted on February 26, 2020, bears an effective date of April 1, 2020.

The Commission directed notice of the filings and set an intervention deadline. No applications to intervene were received in either case.

Staff of the Commission (Staff) filed its recommendations in both cases on February 28, 2020. Commission rules allow parties ten days to respond to pleadings unless otherwise ordered. Ten days have elapsed and no party has objected to either recommendation.

FAC true-up

In File Number EO-2020-0220, the true-up amount identified in this filing is the result of Evergy Metro's over-collection of \$398,042 from its customers during Recovery Period 6 (RP6), October 1, 2018 through September 30, 2019. The true-up amount for RP6, plus interest, is included in the Evergy Metro's proposed changes to its current period fuel adjustment rates for Accumulation Period 9 (AP9) in File Number ER-2020-0221.

Staff examined the direct testimony of Lisa A. Starkebaum, the supporting schedules Evergy Metro provided with its application, and the monthly information Evergy Metro has submitted to the Commission. Staff also reviewed Evergy Metro's monthly interest calculations and agrees with them. Staff has verified that Evergy Metro has filed its 2018 annual report and is current on its assessments. Evergy Metro is also current on the filing of its surveillance monitoring reports and its monthly reports as required by Commission rule. Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff recommends the Commission approve Evergy Metro's RP6 true-up filing, which indicates Evergy Metro over-collected \$398,042 from its customers, for inclusion in Evergy Metro's AP9 adjustment filing in File Number ER-2020-0221.

Neither the governing statute¹ nor any other law requires a hearing before approving the unopposed application.² The Commission acts on evidence that is not formally adduced

¹ Section 386.266, RSMo 2016. This section provides for a hearing when the FAC is approved, modified or rejected. It does not require a hearing when semi-annual true-ups are filed by the company.

² Section 536.010(4), RSMo 2016, defines a contested case as "a proceeding before an agency in which legal rights, duties or privileges of specific parties are required by law to be determined after hearing." *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App.1989).

and preserved because this is a non-contested case.³ There is no evidentiary record.⁴ Consequently, the Commission bases its decision on the parties' verified filings. Based on the Commission's review of the verified filings, the Commission finds that it is in the public interest to approve Evergy Metro's application and authorize Evergy Metro to include the calculated amounts in its next FAC accumulation period as previously described.

FAC tariff

With regard to Evergy Metro's request to approve its FAC tariff in File Number ER-2020-0221, the proposed rate schedules are designed to recover from customers 95 percent of the company's net cost increases or decreases. The testimony and work papers provided by Evergy Metro support its calculation of the Fuel and Purchased Power Adjustment (FPA) amount of \$3,433,909 for AP9, July 1, 2019 through December 31, 2019. The FPA amount is the sum of \$3,752,832 (95% of the difference between Actual Net Energy Costs (ANEC) and Net Base Energy Costs (NBEC) during AP9), minus the true-up over-collection amount of \$398,042 for RP6, plus applicable interest of \$79,120. Evergy Metro's requested adjustment would result in a monthly Fuel Adjustment Rate (FAR) charge of \$0.11. This net amount is an *increase* to the FAR for AP9 compared to AP8;⁵ however the cost to customers *decreased* due to the AP8 FAR being added to the AP9 FAR. The decrease in the bill of a typical residential customer is approximately \$0.62 per month, based on monthly usage of 1,000 kWh. The FPA is effective for the billing months of April 2020 through March 2021.

The Commission's Staff verified that Evergy Metro's actual fuel and purchased

³ *State ex rel. Public Counsel v. Public Service Commission*, 210 S.W.3d 344, 353-355 (Mo. App. 2006).

⁴ *Id.*

⁵ Evergy Metro witness Lisa A. Starkebaum's testimony explains the increase is due to higher purchased power expenses, a decrease in third party sales, outages, and higher load requirements in September and October.

power costs match the fuel and purchased power costs included in the company's calculated rates set in the submitted tariff. After discussions with Staff, Evergy Metro filed a substitute tariff on February 26, 2020, which removed \$122,874 in expenses from the AP9 ANEC related to the Montrose generating station.

Effective January 1, 2019, Evergy Metro elected to make plant in service accounting (PISA) deferrals permitted under 393.1400, RSMo, and further refined under 393.1655, RSMo (Supp. 2018). Staff's recommendation comes with the understanding that Evergy Metro's FAC allows for retrospective adjustments in subsequent FAR filings, if in the future there is a more comprehensive understanding of the methodology and framework of Section 393.1655, RSMo (Supp. 2018).

Evergy Metro has performed the PISA calculations to determine impact as set forth in 393.1655, RSMo (Supp. 2018). The changes in the FAC charge proposed in this filing do not exceed the average overall rate by more than 3.99%, and do not affect this FAR filing. Therefore, there are no PISA adjustments included in the FPA or FAR. Staff agrees with this finding.

The Commission's rule regarding FACs requires the Commission to issue an order regarding the company's tariff within 60 days of its filing. If the FAC rate adjustment complies with the Commission's rule, Section 386.266, RSMo 2016, and the FAC mechanism established in the most recent general rate proceeding, the Commission is required to approve the rate adjustment or allow the proposed tariff implementing the adjustment go into effect by operation of law.

The Commission has reviewed Evergy Metro's tariff filings and Staff's verified recommendation and memorandum and finds that the tariff sheet implementing the FAC rate adjustment is in compliance with the Commission's order establishing the FAC and

with all applicable statutes and regulations. Therefore, the Commission will approve Every Metro's proposed tariff.

As the tariff would become effective by operation of law on April 1, 2020, without Commission action, the Commission will make its order effective in less than 30 days.

THE COMMISSION ORDERS THAT:

1. The true-up amount for Recovery Period 6 is established for Every Metro, Inc. d/b/a Every Metro as an over-collection of \$398,042 from its customers and shall be reflected in the rate adjustment in Commission File No. ER-2020-0221.

2. Every Metro, Inc. d/b/a Every Metro's substitute tariff, filed February 26, 2020, and assigned Tariff Tracking Number JE-2020-0122 is approved to be effective April 1, 2020, as an interim rate adjustment, subject to true-up and prudence reviews. The tariff is:

P.S.C. MO. No. 7

3rd Revised Sheet No. 50.31, Canceling 2nd Revised Sheet No. 50.31

3. This order shall become effective on April 1, 2020.
4. These files shall close on April 2, 2020.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and
Holsman CC., concur.

Hatcher, Regulatory Law Judge