

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Evergy	)	
Missouri West, Inc. d/b/a Evergy Missouri	)	<b><u>File No. EO-2020-0420</u></b>
West Containing its Semi-Annual Fuel	)	
Adjustment Clause True-Up	)	

**STAFF RECOMMENDATION TO APPROVE TRUE-UP FILING**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its *Staff Recommendation to Approve True-Up Filing* respectfully states:

1. On June 30, 2020, Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") filed an application concerning its twenty-third true-up filing for Recovery Period 23 ("RP23"),<sup>1</sup> as allowed by Commission Rule 20 CSR 4240-20.090(9), in order to remedy an under-collection of \$3,916,405 from its customers.

2. Rule 20 CSR 4240-20.090(9)(D) requires the Commission's Staff to examine and analyze the information Evergy Missouri West has submitted and to submit a recommendation to the Commission no later than 30 days after Evergy Missouri West made its filing—in this case, no later than July 30, 2020.

3. As explained in Staff's *Memorandum*, attached hereto as Appendix A and incorporated herein by reference, Staff recommends the Commission approve Evergy Missouri West's twenty-third true-up filing for RP23, during which Evergy Missouri West under-collected \$3,916,405 from its customers.

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<sup>1</sup> March 1, 2019 through February 29, 2020.

4. Staff reviewed and analyzed the direct testimony, supporting schedules and work papers of Evergy Missouri West witness Lisa A. Starkebaum. Staff has determined that Evergy Missouri West's calculations for the true-up amount for RP23 are correct. The under-collected amount will be collected from the customers as it will be included in Evergy Missouri West's proposed changes to its current period fuel adjustment rates in its semi-annual Fuel Adjustment Clause ("FAC") filing in File No. ER-2020-0421 for Accumulation Period 26.<sup>2</sup>

5. Staff has verified that Evergy Missouri West has filed its 2019 annual report and is not delinquent on any assessment. Evergy Missouri West is current on its submission of its Surveillance Monitoring reports as required in 20 CSR 4240-20.090(6), and its periodic monthly reports as required by 20 CSR 4240-20.090(5). With the exception of Evergy Missouri West's proposed changes to its current annual fuel adjustment rates in its semi-annual FAC filing in File No. ER-2020-0421, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

**WHEREFORE**, Staff submits its analysis and recommends that the Commission approve Evergy Missouri West's twenty-third true-up filing for RP23 during which Evergy Missouri West under-collected \$3,916,405 from its customers.

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<sup>2</sup> December 1, 2019 through May 31, 2020.

Respectfully Submitted,

**/s/ Travis J. Pringle**

Travis J. Pringle

Missouri Bar No. 71128

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Missouri Public Service Commission

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 30th day of July, 2020, to all parties and/or counsel of record.

**/s/ Travis J. Pringle**

## **MEMORANDUM**

**TO:** Missouri Public Service Commission Official Case File  
Case No. EO-2020-0420  
Evergy Missouri West, Inc. d/b/a Evergy Missouri West

**FROM:** Brooke Mastrogiannis, Utility Regulatory Auditor V  
Lisa Wildhaber, Utility Regulatory Auditor IV  
Cynthia M. Tandy, Utility Regulatory Auditor II

<u>/s/ Brad Fortson      07/30/2020</u>	<u>/s/ Travis Pringle      7/30/2020</u>
Energy Resources Department / Date	Staff Counsel Department / Date

**SUBJECT:** Staff's Analysis Of and Recommendation Concerning Evergy Missouri West, Inc.'s d/b/a Evergy Missouri West Twenty-Third Fuel Adjustment Clause True-up Filing Under the Provisions in 20 CSR 4240-20.090(9).

**DATE:** July 30, 2020

### **Recommendation**

Staff recommends the Commission approve Evergy Missouri West, Inc. d/b/a Evergy Missouri West's ("Evergy Missouri West") twenty-third true-up filing for Recovery Period 23 ("RP23") during which Evergy Missouri West under-collected \$3,916,405 from its customers.

### **Discussion**

On June 30, 2020, Evergy Missouri West filed with the Commission, along with direct testimony and supporting schedules of Evergy Missouri West witness Lisa A. Starkebaum, its twenty-third fuel adjustment clause ("FAC") true-up filing under the provisions in 20 CSR 4240-20.090(9). According to Evergy Missouri West's true-up filing, in the aggregate for RP23 (March 1, 2019 through February 29, 2020), Evergy Missouri West under-collected from its customers \$3,916,405 which followed its Accumulation Period 23 (June 1, 2018 through November 30, 2018).

The Missouri Public Service Commission Staff ("Staff") reviewed the direct testimony of Evergy Missouri West witness Lisa A. Starkebaum, the supporting schedules Evergy Missouri West provided with Evergy Missouri West's application in this case, and the monthly information Evergy Missouri West submitted to the Commission in accordance with 20 CSR 4240-20.090(9).

Staff notes three items impacting this true-up filing that should be mentioned. As stated in Lisa A. Starkebaum's direct testimony:

First, Case No. ER-2019-0198 covering the 23<sup>rd</sup> accumulation period was the first FAR filing under Plant in Service Accounting ("PISA") where the Company elected to make deferrals permitted under Section 393.1400 RSMo effective January 1, 2019. Therefore, in the 23<sup>rd</sup> accumulation period FAR filing, the rate cap provisions of section 393.1655 RSMo were applied. While the change in the FAC charge proposed in this filing did not increase the average overall rate for customers by more than 3% as described in section 393.1655.5, the class average overall rate for the Large Power ("LP") customer class exceeded the 2% limitation, as described in section 393.1655.6 RSMo. As stated in the PISA rules, Missouri West limited the increase in the FAC charge applicable to LP customers to 2% of the class average overall rate for that rate class, with the reduced revenues arising from limiting the LP service class average overall rate increase allocated to all other customer classes. This resulted in an adjustment of \$2,500,908 as well as the implementation of separate rates for Large Power Service customers and Non-Large Power Service customers. Based on discussions with Commission Staff, for this first FAC filing impacted by Section 393.1655.6, the Non-Large Power ("Non-LP") FAR was adjusted to exclude the amount in excess of the 2% cap on the LP customer class, or \$2,500,908. This amount remained deferred for recovery until the true-up period included in this filing, the 23<sup>rd</sup> accumulation period and the corresponding 23<sup>rd</sup> recovery period of March 2019 through February 2020 ended. Therefore, the Company has included for recovery the \$2,500,908 deferred amount in the true-up calculation as reflected in the supporting workpapers to this filing.

Second, the Company is adding back amounts previously removed in prior FAR calculations related to Lake Road steam auxiliary power expenses. This adjustment amounts to \$803,113 or \$773,499 in steam auxiliary power reductions plus interest of \$29,614. OPC objected to the Company's inclusion of these costs in its FAR filings as well as the allocation methodology utilized by the Company to calculate the steam auxiliary power costs. The Company reduced its ANEC for steam auxiliary power expense in three prior accumulation periods: 22<sup>nd</sup> accumulation period Case No. ER-2018-0400, 23<sup>rd</sup> accumulation period Case No. ER-2019-0198 and the 24<sup>th</sup> accumulation period Case No. ER-2019-0413. The Company continued to make these adjustments as requested by OPC until the Commission ruling in the Company's eighth FAC prudence review, Case No. EO-2019-0067, where this issue was litigated before the Commission. In the Commission's Order dated November 6, 2019, the Commission concluded that the Company's indirect cost assignment method for allocating costs associated with auxiliary power between electric and steam operations at the Lake Road generating station was not imprudent. Although OPC filed a Motion for Rehearing and Reconsideration on this issue, the

Commission denied OPC's request on January 8, 2020. This issue is now final and unappealable; therefore, the Company is now seeking recovery of the amounts previously removed for steam auxiliary power expense in this true-up filing. An additional tab, 9 (A) 2.B in the workpapers has been provided with details for this correction.

Lastly, the presentation of materials and supporting documentation provided in this true-up filing has been updated to reflect the recovery of LP and Non-LP revenue separately by voltage: Primary, Secondary, Substation and Transmission as there were separate FAC billing rates by Substation and Transmission voltages, effective September 2019. There is no recovery revenue shown for Non-Large Power Substation or Non-Large Power Transmission voltages because there are no existing billing rates on those voltages. Substation and Transmission voltages are Large Power only.<sup>1</sup>

### **Staff Review**

Based on its review and analysis of the information Evergy Missouri West filed and submitted for RP23, Staff has determined that Evergy Missouri West's calculations for the true-up amounts for RP23, including the calculation of monthly interest, are correct.

Therefore, Staff recommends the Commission approve Evergy Missouri West's twenty-third true-up filing for RP23 during which Evergy Missouri West under-collected \$3,916,405 from its customers. The under-collected amount will be collected from the customers as it will be included in Evergy Missouri West's proposed changes to its current period fuel adjustment rates in its semi-annual FAC filing in File No. ER-2020-0421, filed on June 30, 2020, for Accumulation Period 26 (December 1, 2019 through May 31, 2020).

Staff has verified that Evergy Missouri West has filed its 2019 Annual Report and is not delinquent on any assessment. Evergy Missouri West is current on its submission of its Surveillance Monitoring reports as required by 20 CSR 4240-20.090(6), and its monthly reports as required by 20 CSR 4240-20.090(5). With the exception of Evergy Missouri West's proposed changes to its current period fuel adjustment rates in its semi-annual FAC filing in File No. ER-2020-0421, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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<sup>1</sup> Company witness Lisa A. Starkebaum's direct testimony, Case No. EO-2020-0420, pg. 5 ln 18 through pg. 7 line 23.

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West Containing Its Semi-Annual Fuel        )  
Adjustment Clause True-Up

**AFFIDAVIT OF LISA WILDHABER AND CYNTHIA M. TANDY**

STATE OF MISSOURI        )  
                                      )        ss.  
COUNTY OF COLE         )

**COMES NOW** Lisa Wildhaber And Cynthia M. Tandy, and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Memorandum*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

/s/ Lisa Wildhaber  
Lisa Wildhaber

/s/ Cynthia M. Tandy  
Cynthia M. Tandy