

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

In the Matter of the Application of Evergy)	
Metro, Inc. d/b/a Evergy Missouri Metro for)	<u>File No. ER-2021-0025</u>
Authority to Implement Rate Adjustments)	Tracking No. JE-2021-0015
Required by 20 CSR 4240-20.090(8) and the)	
Company's Approved Fuel and Purchased)	
Power Cost Recovery Mechanism)	

STAFF RECOMMENDATION FOR APPROVAL OF TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its *Staff Recommendation for Approval of Tariff Sheet* respectfully states:

1. On July 31, 2020, Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro") submitted direct testimony and a tariff designed to implement an adjustment to its Fuel and Purchased Power Adjustment Clause ("FAC"). The submitted tariff bears an effective date of October 1, 2020.
2. Concurrently on July 31, 2020, Evergy Missouri Metro submitted a true-up filing in File No. EO-2021-0023 to identify the net fuel costs it over- or under-charged customers during the seventh Recovery Period prescribed by its FAC. This amount is used when calculating the new Fuel Adjustment Rates ("FARs") in this case.
3. The Commission ordered Staff to examine and analyze Evergy Missouri Metro's filings in this case, and to file its recommendation no later than August 31, 2020, as required by Rule 20 CSR 4240-20.090(8).
4. Any party wishing to intervene was also given a deadline of August 31, 2020 to file an application with the Commission. As of the time of this filing, no parties have filed to intervene in this matter.

5. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed revised tariff sheet Evergy Missouri Metro filed on July 31, 2020, to become effective on October 1, 2020.

6. Commission Rule 20 CSR 4240-20.090(8) states: "An electric utility that has a FAC shall file proposed tariff sheet(s) to adjust its FARs following each accumulation period." The rule requires Staff to "determine if the proposed adjustment to the FARs is in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established, continued, or modified in the utility's most recent general rate proceeding."¹

7. If so, "Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either (1) Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs; (2) Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or..." the commission may reject the proposed rate sheets, suspend the timeline, set a prehearing date, and order the parties to propose a procedural schedule.²

8. Evergy Missouri Metro's filing in this case requests Commission approval of one tariff sheet bearing an effective date of October 1, 2020, that revises the current FARs in its FAC. The filing includes testimony and work papers of Evergy Missouri Metro witness Lisa A. Starkebaum supporting the Company's calculation of the Fuel and Purchased Power Adjustment ("FPA").

¹ Commission Rule 20 CSR 4240-20.090(8)(F).

² Commission Rule 20 CSR 4240-20.090(8)(H)1-3.

9. The FPA amount, subject to prudence review, is \$970,111. This represents the total requested increase in the amount sought to be collected in customer FAC charges over the applicable recovery period. The FPA amount includes the difference between Annual Net Energy Costs (“ANEC”) and Net Base Energy Cost (“B”) the Company experienced during the 10th Accumulation Period, including application of the Commission approved 95 percent sharing mechanism, plus the amount from the true-up for the 7th Recovery Period in File No. EO-2021-0023, and applicable interest.

10. The proposed changes to FARs will result in an increase to the typical Evergy Missouri Metro residential customer’s monthly bill (based on 1,000 kWh), before taxes, from \$0.11 to \$0.53, for an increase of \$0.42.

11. Staff has verified that Evergy Missouri Metro has filed its 2019 annual report and is not delinquent on any assessment. Evergy Missouri Metro 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 the true-up filing in File No. EO-2021-0023, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order approving P.S.C. Mo. No. 7 4th Revised Sheet No. 50.31 Canceling 3rd Revised Sheet No. 50.31, to become effective on October 1, 2020.

Respectfully Submitted,

/s/ Travis J. Pringle

Travis J. Pringle

Missouri Bar No. 71128

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record this 31st day of August, 2020.

/s/ Travis J. Pringle

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2021-0025, Tariff Tracking No. JE-2021-0015
Evergy Metro, Inc. d/b/a Evergy Missouri Metro

FROM: Cynthia M. Tandy, Utility Regulatory Auditor
Lisa Wildhaber, Senior Utility Regulatory Auditor

DATE: /s/ Brad J. Fortson 08/31/2020 /s/ Travis Pringle 08/31/2020
Commission Staff/ Date Staff Counsel Department / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related to Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Fuel Adjustment Clause Pursuant to the Commission's *Report and Order* and *Order Regarding Compliance Tariff Sheets* in Case No. ER-2018-0145.

DATE: August 31, 2020

On July 31, 2020, Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro"), f/k/a Kansas City Power & Light Company ("KCP&L"), filed with the Missouri Public Service Commission ("Commission") one tariff sheet, P.S.C. MO. No. 7 4th Revised Sheet No. 50.31, bearing a proposed effective date of October 1, 2020, and cancelling P.S.C. MO. No. 7 3rd Revised Sheet No. 50.31. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2021-0015 and ordered Staff to file its recommendation by August 31, 2020. In this tariff sheet Evergy Missouri Metro proposes to revise its Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 10 ("AP10"). AP10 was January 1, 2020 through June 30, 2020. Staff recommends that the Commission approve 4th Revised Sheet No. 50.31 Canceling 3rd Revised Sheet No. 50.31, and change the FAR.

Evergy Missouri Metro's July 31, 2020 filing includes the testimony of Evergy Missouri Metro witness Lisa A. Starkebaum, Manager – Regulatory Affairs at Evergy Missouri Metro, and associated work papers. Evergy Missouri Metro's calculation of its Fuel and Purchased Power Adjustment ("FPA") is \$970,111, as shown on line 11 of proposed 4th Revised Sheet No. 50.31. This FPA divided by the estimated retail sales of 8,873,489,134 kWh (line 12) results in a FAR of \$.00011 per kWh (line 13). This proposed AP10 FAR of \$.00011 per kWh is \$0.00028 less than the AP9 FAR of \$0.00039/kWh on line 13 of 3rd Revised Sheet No. 50.31.

Ms. Starkebaum explains in her testimony that this filing includes \$27,183 in credits related to Montrose generating station activity from prior accumulated periods. The Montrose credits have three components: (1) \$(269) for unit train expense; (2) \$(7,723) for a correction of an invoice coded incorrectly; and (3) \$(19,191) for Powder Activated Carbon (PAC) expenses coded incorrectly to Montrose.¹ The Montrose unit train expense was included in December 2018 by error and the other expenses were incorrectly coded to Montrose.

Calculation of Total Company Fuel and Purchased Power Difference

Eversource Missouri Metro's work papers for AP10 contain data and calculations for Actual Net Energy Cost (ANEC) of \$126,876,763 (line 1), and Net Base Energy Cost ("B")² of \$121,814,275 (line 2). For this filing, B equals sales of 7,272,494,000 kWh for January 2020 through June 2020 (line 2.2), multiplied by the Base Factor ("BF") of \$0.01675 per kWh (line 2.1). The difference between ANEC and Net Base Energy Cost is \$5,062,489 and this is the amount on line 3, Total Fuel and Purchased Power Difference.

The Accumulation Periods, Recovery Periods, and other specifications of Eversource Missouri Metro's FAC are set out in its tariff sheets designated Original Sheet Nos. 50.21 through 50.31.

Calculation of FPA Amount

Eversource Missouri Metro's work papers and proposed 4th Revised Sheet No. 50.31 show the FPA amount of \$970,111 on line 11 is the sum of:

1. 95% of the difference between the ANEC and the Net Base Energy Cost for AP10, which is \$2,847,131 (line 7); and
2. The true-up amount for Recovery Period 7 ("RP7") of \$(1,904,473)³ (line 8); and,
3. The interest amount of \$27,453 (line 9), which includes all interest for RP7 and AP10.⁴

¹ Eversource Missouri Metro witness Lisa A. Starkebaum's testimony on page 5, line 23 through page 6, line 3. Supporting work papers were submitted with the testimony.

² B = Base Factor multiplied by the accumulation period sales reflected on lines 2, 2.1, and 2.2 of 4th Revised Sheet No. 50.31.

³ See Staff Recommendation in File No. EO-2021-0023.

⁴ Interest is defined on Eversource Missouri Metro, P.S.C.MO. No. 7, Original Sheet No. 50.28 as: Interest applicable to (i) the difference between Missouri Retail ANEC and B for all kWh of energy supplied during an AP until those costs have been recovered; (ii) refunds due to prudence reviews ("P"), if any; and (iii) all under- or over-recovery balances created through operation of this FAC, as determined in the true-up filings ("T") provided for herein. Interest shall be

Calculation of FAR

The proposed FAR of \$0.00011 per kWh (line 13), is equal to the FPA amount of \$970,111 divided by the estimated recovery period retail net system input (“NSI”) of 8,873,489,134 kWh (line 12). This proposed FAR will be in effect for Recovery Period 10, which is Evergy Missouri Metro’s billing months of October 2020 through September 2021.

Voltage Level FARs

Because of differences in line losses for transmission, substation, primary, and secondary voltage service levels,⁵ lines 15, 19, 23, and 27 reflect different FARs for service taken at transmission, substation, primary, and secondary voltage service levels, respectively.

The proposed FARs for transmission, substation, primary, and secondary service voltage levels are on lines 17, 21, 25, and 29. They are the sum of the current period FARs and Evergy Missouri Metro’s prior period FARs.

Listed below are Evergy Missouri Metro’s proposed AP10 FARs, the current AP9 FARs, and the difference between them for Transmission, Substation, Primary, and Secondary voltage service.

Proposed and Current Annual Fuel Adjustment Rates \$ per kWh			
Service	Proposed AP10 Annual FAR	Current AP9 Annual FAR	Difference
Transmission	\$0.00051	\$0.00012	\$0.00039 Increase
Substation	\$0.00051	\$0.00012	\$0.00039 Increase
Primary	\$0.00051	\$0.00011	\$0.00040 Increase
Secondary	\$0.00053	\$0.00011	\$0.00042 Increase

calculated monthly at a rate equal to the weighted average interest paid on the Company’s short-term debt, applied to the month-end balance of items (i) through (iii) in the preceding sentence.

⁵ The voltage adjustment factors (VAFs) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 4th Revised Sheet No. 50.31.

Based on a monthly usage of 1,000 kWh per month, the proposed change to the secondary FAR will result in an increase of the FAR of a typical Evergy Missouri Metro residential customer's bill⁶ by \$.42 per month, from \$.11 to \$.53. Even though the Current Period FAR rate has decreased, the cost to the customers has increased due to the Prior Period FAR being added to the Current Period FAR.

Ms. Starkebaum explains the reason for the decrease in the proposed current period FAR on page five of her testimony filed July 31:

“Evergy Missouri Metro’s Actual Net Energy Costs (“ANEC”) are \$17.8 million lower in the tenth accumulation period as compared to the previous ninth accumulation period primary due to a decrease in fuel expense of \$29.8 million. Fuel costs were lower in the tenth accumulation period due to less demand driven by the COVID-19 pandemic, cooler spring weather and a couple of plant outages. The tenth accumulation period of January through June 2020 is naturally cooler than the previous ninth accumulation period of July through December 2019. April and May were both 37% cooler than normal. Also purchased power expenses was favorable by 2% or \$1.9 million compared to the previous accumulation period. These amounts are offset by a significant decrease in off-system sales revenue in the tenth accumulation period as less generation was available to sell to Southwest Power Pool (“SPP”) Integrated Marketplace which offsets FAC includable costs. During the tenth accumulation period, there was 34% less generation, excluding Wolf Creek, which resulted in less excess generation to sell amounting to a 26% decrease in off-system sales revenues or a decrease of \$13.8 million compared to the prior ninth accumulation period. Lastly, Evergy Missouri Metro experienced a couple of plant outages during this tenth accumulation period as Iatan 1 was offline for most of January and Hawthorn was offline for most of the month of June.”⁷

Plant in Service Accounting (PISA) Deferrals Permitted Under Section 393.1400, RSMo, and Limitations on Rate Modifications Permitted Under Section 393.1655, RSMO

Evergy Missouri Metro stated in its tariff filing letter,

“In Case No. EO-2019-0047, the Company elected to make the plant in service accounting (“PISA”) deferrals permitted under section 393.1400 RSMo, effective January 1, 2019. As a result, the compound average growth rate cap provisions of Section 393.1655 RSMo. applied to this FAC charge filing are 5.5397% for the average overall rate cap and 3.6767% for the class average overall rate cap for Large Power customers. The change in the FAC charge proposed in this filing does not exceed the average overall rate by more

⁶ All residential customers take service at secondary voltage.

⁷ Evergy Missouri Metro witness Lisa A. Starkebaum’s testimony on page 5, lines 2 through line 19.

than 5.5397% and, as such, the provisions of section 393.1655.5 do not affect this FAC filing. In addition, the Company is using projected Large Power sales to calculate a Large Power FAC rate. In accordance with section 393.1655.6 RSMo., the proposed FAC charge applicable to Large Power customers does not exceed 3.6767% of the class average overall rate for this rate class. There are no PISA adjustments impacting this FAR filing.”

Based upon its FAR filing, Eversource Missouri Metro is not required to have separate rates for Large Power Service customers and Non-Large Power Service customers, pursuant to Section 393.1655, RSMo. Nor is it required to have separate rates for customer classes. Staff agrees that the overall outcome of the CAGR calculation of the 5.5397% for the overall rate cap and 3.6767% for the class average overall rate cap in Eversource Missouri Metro’s work papers does not result in separate rates for Large Power customers and Non-Large Power customers. Further, Staff acknowledges that Eversource Missouri 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, and its impact on adjustments for Eversource Missouri Metro.

Staff Review

Staff reviewed the proposed 4th Revised Sheet No. 50.31, filed on July 31, 2020, Ms. Starkebaum’s direct testimony and all the accompanying work papers, as well as Eversource Missouri Metro’s monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP10. Staff verified that the actual fuel costs, net emissions allowances, purchased power costs and transmission costs less off-system sales revenues, and renewable energy credit revenues match the fuel costs, net emissions allowances, purchased power costs, and transmission costs less off-system sales revenues and renewable energy credit revenues on line 1 of Eversource Missouri Metro’s proposed 4th Revised Sheet No. 50.31 filed on July 31, 2020 and Ms. Starkebaum’s supporting work papers. Staff also reviewed Eversource Missouri Metro’s monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under/over-recovery of base fuel and purchased power costs and 100% of the true-up amount for RP7 and AP10 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

Attachment A includes three charts summarizing Evergy Missouri Metro's tenth FAC rate adjustment filings. Chart 1 illustrates: (1) Evergy Missouri Metro's ANEC, Net Base Energy Cost and under- (over-) recovery amounts for each accumulation period, and (2) that nine accumulation periods have under-recovered amounts and one accumulation period has an over-recovered amount. Chart 2 illustrates Evergy Missouri Metro's FAC cumulative under-recovered amount at the end of each accumulation period, with the cumulative under-recovered amount through AP10 of approximately \$252 million. Chart 3 illustrates that for Evergy Missouri Metro's accumulation periods one through ten, Evergy Missouri Metro under-recovered an average of 19% of its ANEC.

Staff Recommendation

Evergy Missouri Metro timely filed its 4th Revised Sheet No. 50.31 on July 31, 2020, and it complies with the Commission's *Report and Order* and its *Order Regarding Compliance Tariff Sheets* in Case No. ER-2018-0145, Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Evergy Missouri Metro's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H)⁸ provides in part:

(H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—

1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;

2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or

3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question;

Evergy Missouri Metro requests that its proposed 4th Revised Sheet No. 50.31, filed July 31, 2020, become effective on October 1, 2020. The Company filed the tariff sheet with 60 days' notice.

⁸ Effective January 30, 2019.

Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet become effective on October 1, 2020:

P.S.C. Mo. No. 7

4th Revised Sheet No. 50.31 Canceling 3rd Revised Sheet No. 50.31

Staff verified that Evergny Missouri Metro is not delinquent on any assessment and filed its 2019 Annual Report. Evergny Missouri Metro is current on its submission of its Surveillance Monitoring reports, required by 20 CSR 4240-20.090(6), and its monthly reports, required by 20 CSR 4240-20.090(5). Except for Evergny Missouri Metro's RP7 true-up filing in File No. EO-2021-0023, Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff's recommendation for approval of the Current Period FARs in this case is solely based on the accuracy of Evergny Missouri Metro's calculations and is not indicative of the prudence of the actual net energy costs incurred during AP10.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy)	
Metro, Inc. d/b/a Evergy Missouri Metro for)	
Authority to Implement Rate Adjustments)	<u>Case No. ER-2021-0025</u>
Required by 20 CSR 4240-20.090(8) and the)	Tracking No. JE-2021-0015
Company's Approved Fuel and Purchased)	
Power Cost Recovery Mechanism)	

AFFIDAVIT OF CYNTHIA M. TANDY AND LISA WILDHABER

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

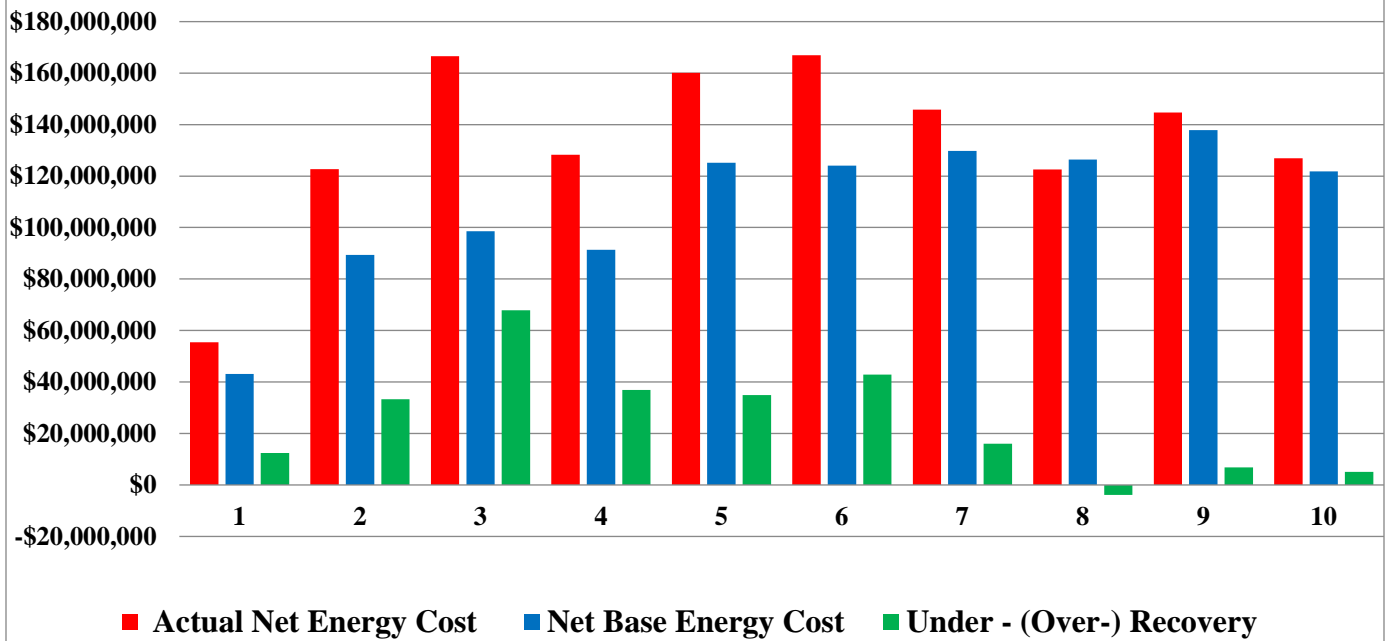
COME NOW Cynthia M. Tandy and Lisa Wildhaber, and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Recommendation for Approval of Tariff Sheet*; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

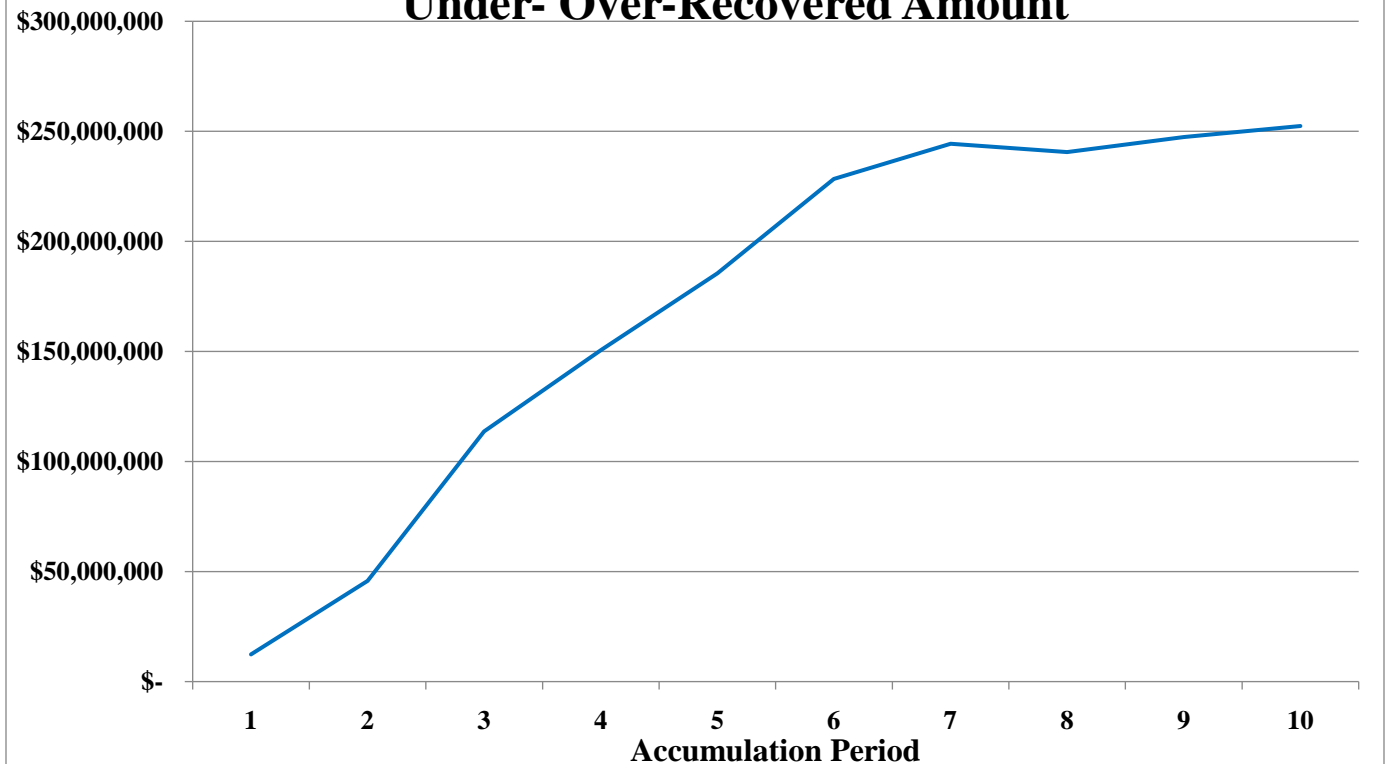
/s/ Cynthia M. Tandy
Cynthia M. Tandy

/s/ Lisa Wildhaber
Lisa Wildhaber

CHART 1: EVERGY MISSOURI METRO FAC COSTS



**Chart 2:
Evergy Missouri Metro FAC Cumulative
Under- Over-Recovered Amount**



**Chart 3: Evergy Missouri Metro FAC
Annual Cumulative Under-Recovered Percent**

