

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

In the Matter of Evergy Metro, Inc. d/b/a)	
Evergy Missouri Metro for Authority to)	
Implement Rate Adjustments Required by)	<u>File No. ER-2020-0221</u>
20 CSR 4240-20.090(8) and the Company's)	Tariff No. JE-2020-0122
Approved Fuel and Purchased Power Cost)	
Recovery Mechanism)	

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation states:

1. On January 31, 2020 Evergy Missouri Metro filed one proposed tariff sheet, bearing an effective date of April 1, 2020, to revise its current period Fuel Adjustment Rates ("FARs") for the 9th Accumulation Period ("AP9") of its Fuel Adjustment Clause ("FAC"). This proposed tariff sheet is P.S.C. MO. No. 7 3rd Revised Sheet No. 50.31, Canceling P.S.C. MO. No. 7 2nd Revised Sheet No. 50.31. The Commission assigned it Tariff No. JE-2020-0122.

2. Concurrently on January 31, Evergy Missouri Metro submitted a FAC true-up filing in File No. EO-2020-0220 to identify the true-up amount of \$(398,042) for the 6th Recovery Period ("RP6") of its FAC. This amount and interest for RP6 are included in calculation of the FARs for AP9.

3. Evergy Missouri Metro filed a first substitute proposed tariff sheet on February 25, 2020. It filed a second substitute proposed tariff sheet on February 26, 2020.

4. Commission Rule 20 CSR § 4240-20.090(8)(F) provides that "[w]ithin thirty (30) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs,

the staff shall submit a recommendation regarding its examination and analysis to the commission[.]” Staff must determine if Evergy Missouri Metro’s proposed adjustments to its FAC rates are in accordance with § 386.266 RSMo, 20 CSR § 4240-20.090 (“Fuel and Purchased Power Rate Adjustment Mechanisms”), and the “FAC mechanism established, continued, or modified in the utility’s most recent general rate proceeding.”¹

5. If the proposed rate adjustments are in accordance with the rule, statute, and FAC mechanism referenced above, 20 CSR § 4240-20.090(8)(H)(1) and (2) provide:

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

6. In the attached Staff Memorandum, marked Appendix A, Staff recommends that the Commission issue an order approving Evergy Missouri Metro’s second substitute proposed tariff sheet P.S.C. MO. No. 7 3rd Revised Sheet No. 50.31, Canceling P.S.C. MO. No. 7 2nd Revised Sheet No. 50.31, as filed on February 26, subject to true-up and prudence reviews.

7. For AP9, the fuel and purchased power adjustment (“FPA”) amount is \$3,433,909, which divided by the forecasted net system input for AP9 of 8,880,647,913 kWh results in a current period FAR of \$0.00039 per kWh. The proposed AP9 FAR of \$0.00039 per kWh is \$0.00067 per kWh more than the AP8 FAR of \$(0.00028) per kWh.

8. Lisa Starkebaum, Manager, Regulatory Affairs, at Evergy Missouri Metro, states in her filed testimony that the increased proposed FAR can be attributed to higher

¹ 20 CSR § 4240-20.090(8)(F)

purchased power expenses, a decrease in third party sales, outages, and higher load requirements in September and October.²

9. Because of a difference in line losses, there are different FARs for service taken at transmission, substation, primary, and secondary voltages levels, reflected on lines 17, 21, 25, and 29 of the proposed 3rd Revised Sheet No. 50.31. The resulting FARs are in the column marked “Proposed” in the following table:

Fuel Adjustment Rates (\$ Per kWh)			
Service Voltage Level	Present	Proposed	Difference
Transmission	\$0.00070	\$0.00012	\$0.00058 Decrease
Substation	\$0.00071	\$0.00012	\$0.00059 Decrease
Primary	\$0.00072	\$0.00011	\$0.00061 Decrease
Secondary (Residential)	\$0.00073	\$0.00011	\$0.00062 Decrease

10. Based on a monthly usage of 1,000 kWh, these proposed changes will lower the FAR of a typical Evergy Missouri Metro residential customer’s bill from \$0.73 to \$0.11, a decrease of \$0.62 per month. Even though the Current Period FAR rate increased, the cost to the customers decreased due to the Prior Period FAR being added to the Current Period FAR.

11. Except for Evergy Missouri Metro’s RP6 true-up filing in File No. EO-2020-0220, also filed January 31, 2020, Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

² Evergy Missouri Metro, *Direct Testimony of Lisa A. Starkebaum*, ER-2020-0221, 5 (January 31, 2020).

12. The Staff's review shows Evergy Missouri Metro's filing is in compliance with § 386.266 RSMo, 20 CSR § 4240-20.090, and Evergy Missouri Metro's FAC embodied in its tariff.

13. Staff verified that Evergy Missouri Metro is not delinquent on any assessment and filed its 2018 annual report. It is current on submission of its monthly reports, required by 20 CSR § 4240-20.090(5), and its surveillance monitoring reports, required by 20 CSR § 240-20.090(6).

WHEREFORE, Staff recommends that the Commission issue an interim rate adjustment order approving Evergy Missouri Metro's second substitute proposed tariff sheet P.S.C. MO. No. 7 3rd Revised Sheet No. 50.31, Canceling P.S.C. MO. No. 7 2nd Revised Sheet No. 50.31, as filed on February 26, to become effective April 1, subject to true-up and prudence reviews.

Respectfully submitted,

/s/ Karen E. Bretz

Karen E. Bretz
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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was served via e-mail on counsel for the parties of record to this case on this 28th day of February, 2020.

/s/ Karen Bretz

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2020-0221, Tariff Tracking No. JE-2020-0122
Every Metro, Inc., d/b/a Every Missouri Metro

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

DATE: /s/ Brad J. Fortson 02/28/2020 /s/ Karen Bretz 02/28/2020
Commission Staff / Date Staff Counsel Division / Date

SUBJECT: Staff Recommendation For Approval Of Tariff Sheet Filed to Change Rates Related to Every Metro, Inc., d/b/a Every 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: February 28, 2020

On January 31, 2020, Every Metro, Inc., d/b/a Every Missouri Metro (“Every 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 3rd Revised Sheet No. 50.31, bearing a proposed effective date of April 1, 2020, and cancelling P.S.C. MO. No. 7 2nd Revised Sheet No. 50.31. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2020-0122 and ordered Staff to file its recommendation by March 1, 2020. In this tariff sheet Every Missouri Metro proposes to revise its Fuel Adjustment Rates (“FARs”) of its Fuel Adjustment Clause (“FAC”) for Accumulation Period 9 (“AP9”). AP9 was July 1, 2019 through December 31, 2019. Staff recommends that the Commission approve 3rd Revised Sheet No. 50.31, as substituted February 26, 2020, and change the FAR.

Every Missouri Metro’s January 31, 2020 filing includes the testimony of Every Missouri Metro witness Lisa A. Starkebaum, Manager – Regulatory Affairs at Every Missouri Metro, and associated work papers. Every Missouri Metro filed a first substitute proposed tariff sheet and supplemental testimony on February 25, 2020. It filed a second substitute proposed tariff sheet¹ and errata to the supplemental testimony on February 26, 2020. Every Missouri Metro’s calculation of its Fuel and Purchased Power Adjustment (“FPA”) is \$3,433,909, as shown on line 11 of proposed 3rd Revised Sheet No. 50.31. This FPA divided by the estimated retail sales of 8,880,647,913 kWh (line 12) results in a FAR of \$.00039 per kWh (line 13). This proposed AP9 FAR of \$.00039 per kWh is \$0.00067 more than the AP8 FAR of \$(0.00028)/kWh on line 13 of 2nd Revised Sheet No. 50.31.

Ms. Starkebaum explains in her supplemental testimony that the company’s initial filing included \$132,271 in expenses related to the Montrose generating station incurred during AP9. The Montrose costs have three components: (1) \$7,723 for unit train expense; (2) \$1,674 for tax true-up adjustments

¹ Except as otherwise stated, all references herein to the tariff sheet in Tariff Tracking No. JE-2020-0122 shall be to the second substitute proposed tariff sheet that Every Missouri Metro filed January 26, 2020.

for 2017 Montrose coal shipments; and (3) \$122,784 for ash cleanup and landfill work.² After discussions between Staff and Eversource Missouri Metro, Eversource Missouri Metro agreed to remove the \$122,874 in expenses from the AP9 Actual Net Energy Costs (“ANEC”)³ on line 1. The unit train expense was incorrectly coded to Montrose generating station and will be recoded to the proper accounts in the following accumulation period, and the tax true-up adjustments were eligible since they were prior to the December 2018 closing of the plant.

Ms. Starkebaum explains in the errata to her supplemental testimony that Eversource Missouri Metro filed a second substitute proposed tariff sheet to correct an error in which the new Jurisdictional Factor (J)⁴ was not carried over to the substitute tariff sheet correctly.

Calculation of Total Company Fuel and Purchased Power Difference

Eversource Missouri Metro’s work papers for AP9 contain data and calculations for ANEC of \$144,722,059 (line 1), and Net Base Energy Cost (“B”)⁵ of \$137,892,131 (line 2). For this filing, B equals sales of 8,232,366,000 kWh for July 2019 through December 2019 (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 \$6,829,928 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 3rd Revised Sheet No. 50.31 show the FPA amount of \$3,433,909 on line 11 is the sum of:

1. 95% of the difference between the ANEC and the Net Base Energy Cost for AP9, which is \$3,752,832 (line 7); and
2. The true-up amount for Recovery Period 6 (“RP6”) of \$(398,042)⁶ (line 8); and
3. The interest amount of \$79,120 (line 9), which includes all interest for RP6 and AP9.⁷

² Eversource Missouri Metro witness Lisa A. Starkebaum’s supplemental testimony on page 1, lines 7 through 11. Supporting work papers were submitted with the testimony.

³ ANEC = fuel costs (FC), plus net emissions allowances (E), plus purchased power costs (PP), plus transmission costs (TC), minus off-system sales revenues (OSSR), minus renewable energy credit revenues (R).

⁴ Line 4 of tariff sheet.

⁵ B = Base Factor multiplied by the accumulation period sales reflected on lines 2, 2.1, and 2.2 of 3rd Revised Sheet No. 50.31, as substituted February 25, 2020 and second substitute tariff on February 26, 2020.

⁶ See Staff Recommendation in File No. EO-2020-0220.

⁷ 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 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.

Calculation of FAR

The proposed FAR of \$0.00039 per kWh (line 13), is equal to the FPA amount of \$3,433,909 divided by the estimated recovery period retail net system input (“NSI”) of 8,880,647,913 kWh (line 12). This proposed FAR will be in effect for Recovery Period 9, which is Evergy Missouri Metro’s billing months of April 2020 through March 2021.

Voltage Level FARs

Because of differences in line losses for transmission, substation, primary, and secondary voltage service levels,⁸ 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 AP9 FARs, the current AP8 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 AP9 Annual FAR	Current AP8 Annual FAR	Difference
Transmission	\$0.00012	\$0.00070	\$0.00058 Decrease
Substation	\$0.00012	\$0.00071	\$0.00059 Decrease
Primary	\$0.00011	\$0.00072	\$0.00061 Decrease
Secondary	\$0.00011	\$0.00073	\$0.00062 Decrease

Based on a monthly usage of 1,000 kWh per month, the proposed change to the secondary FAR will result in a decrease of the FAR of a typical Evergy Missouri Metro residential customer’s bill⁹ by \$.62 per month, from \$.73 to \$.11. Even though the Current Period FAR rate increased, the cost to the customers decreased due to the Prior Period FAR being added to the Current Period FAR.

⁸ The voltage adjustment factors (VAFs) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 3rd Revised Sheet No. 50.31, as substituted February 25, 2020 and second substitute tariff on February 26, 2020.

⁹ All residential customers take service at secondary voltage.

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

Eversource Missouri Metro's actual FAC includable costs in the ninth accumulation were \$22.0 million higher than they were in the previous eighth accumulation primarily due to increased purchased power expense of \$9.0 million and decreased off-system sales revenue of \$16.5 million. These amounts are offset by a decrease in fuel costs amounting to \$3.6 million.

There was a significant decrease in off-system sales revenue over the eighth accumulation period as less generation was available to sell to Southwest Power Pool ("SPP") Integrated Marketplace which offsets FAC includable costs. Eversource Missouri Metro also experienced several outages during this ninth accumulation period. Hawthorn was offline for most of the month of October and Iatan 1 had a scheduled fall outage that began in September and ran through much of November. In addition, Wolf Creek was offline for its planned maintenance and refueling outage that began in September and continued through early November. Finally, there was a 9% increase in Net System Input ("NSI") in the ninth accumulation period over the eighth accumulation period. September was 87% warmer than normal and October was 95% cooler than normal, which contributed to higher retail load requirements or NSI.¹⁰

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

Eversource 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. Due to the rate cap provisions of section 393.1655 RSMo, the Company performed the calculations to determine if this semi-annual FAR filing exceeded the compound annual growth rate (CAGR) limitations using 3.99% for the average overall rate cap and 2.65% for the class average overall rate cap for Large Power customer class. As shown in the PISA Calculation that is provided as support with this filing, there are no PISA adjustments resulting from 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 3.99% for the overall rate cap and 2.65% 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

¹⁰ Eversource Missouri Metro witness Lisa A. Starkebaum's testimony on page 5, line 2 through page 6, line 1. There was a chart presented in this testimony showing the 87% warmer and 95% cooler statistics.

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 3rd Revised Sheet No. 50.31, filed on January 31, 2020, as substituted February 25, 2020 and February 26, 2020, Ms. Starkebaum's direct testimony, supplemental testimony, the errata to her supplemental 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 AP9. 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 3rd Revised Sheet No. 50.31 filed on February 26, 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 RP6 and AP9 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

Attachment A includes three charts summarizing Eversource Missouri Metro's ninth FAC rate adjustment filings. Chart 1 illustrates: (1) Eversource Missouri Metro's ANEC, Net Base Energy Cost and under-(over-) recovery amounts for each accumulation period, and (2) that eight accumulation periods have under-recovered amounts and one accumulation period has an over-recovered amount. Chart 2 illustrates Eversource Missouri Metro's FAC cumulative under-recovered amount at the end of each accumulation period, with the cumulative under-recovered amount through AP9 of approximately \$247 million. Chart 3 illustrates that for Eversource Missouri Metro's accumulation periods one through nine, Eversource Missouri Metro under-recovered an average of 20% of its ANEC.

Staff Recommendation

Eversource Missouri Metro timely filed its 3rd Revised Sheet No. 50.31 on January 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 Eversource Missouri Metro's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H)¹¹ 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;

¹¹ Effective January 30, 2019.

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;

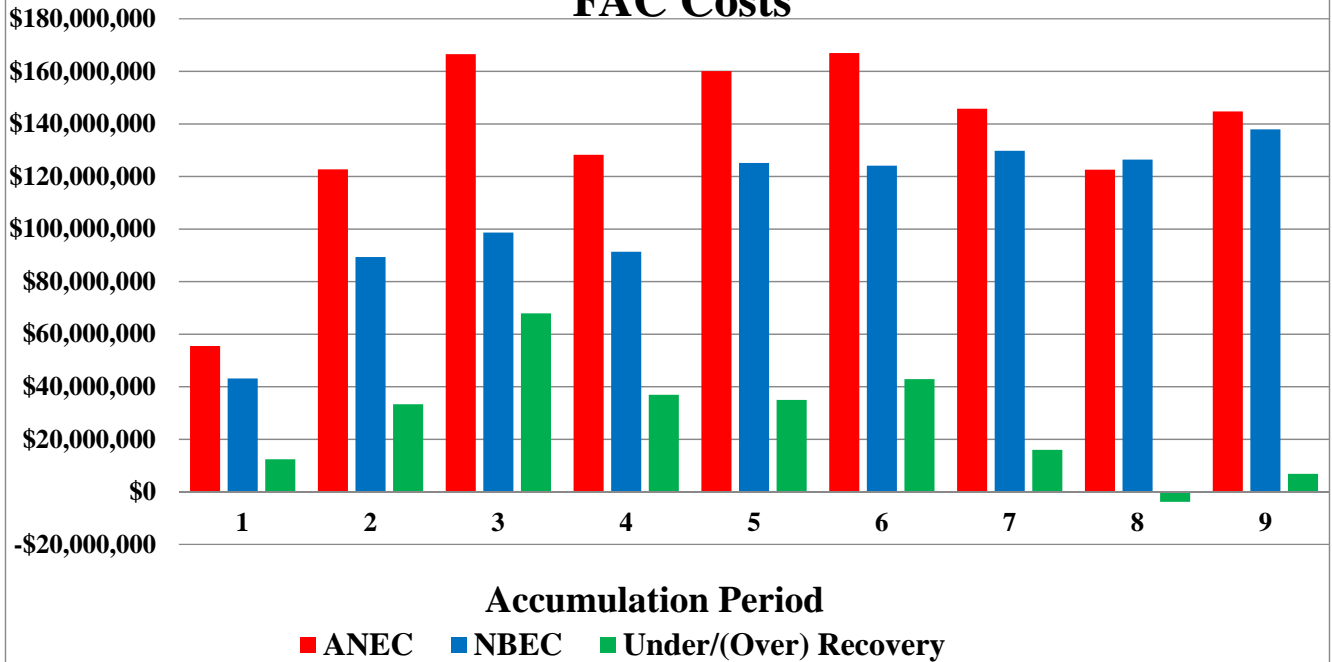
Evergy Missouri Metro requests that its proposed 3rd Revised Sheet No. 50.31, filed January 31, 2020, and as substituted February 26, 2020, become effective on April 1, 2020. The Company filed the tariff sheet with 60 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet become effective on April 1, 2020:

P.S.C. Mo. No. 7

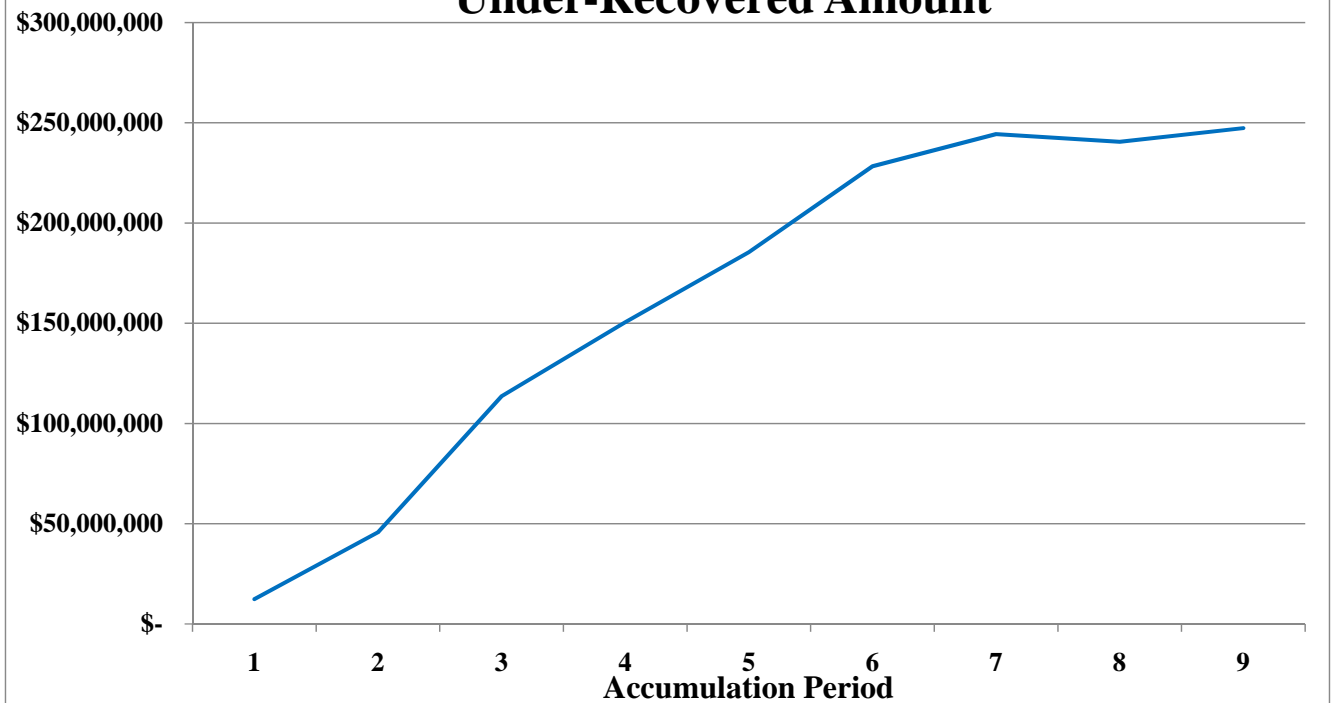
3rd Revised Sheet No. 50.31 Canceling 2nd Revised Sheet No. 50.31

Staff verified that Evergy Missouri Metro is not delinquent on any assessment and filed its 2018 Annual Report. Evergy 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 Evergy Missouri Metro's RP6 true-up filing in File No. EO-2020-0220, 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 Evergy Missouri Metro's calculations, and is not indicative of the prudence of the actual net energy costs incurred during AP9.

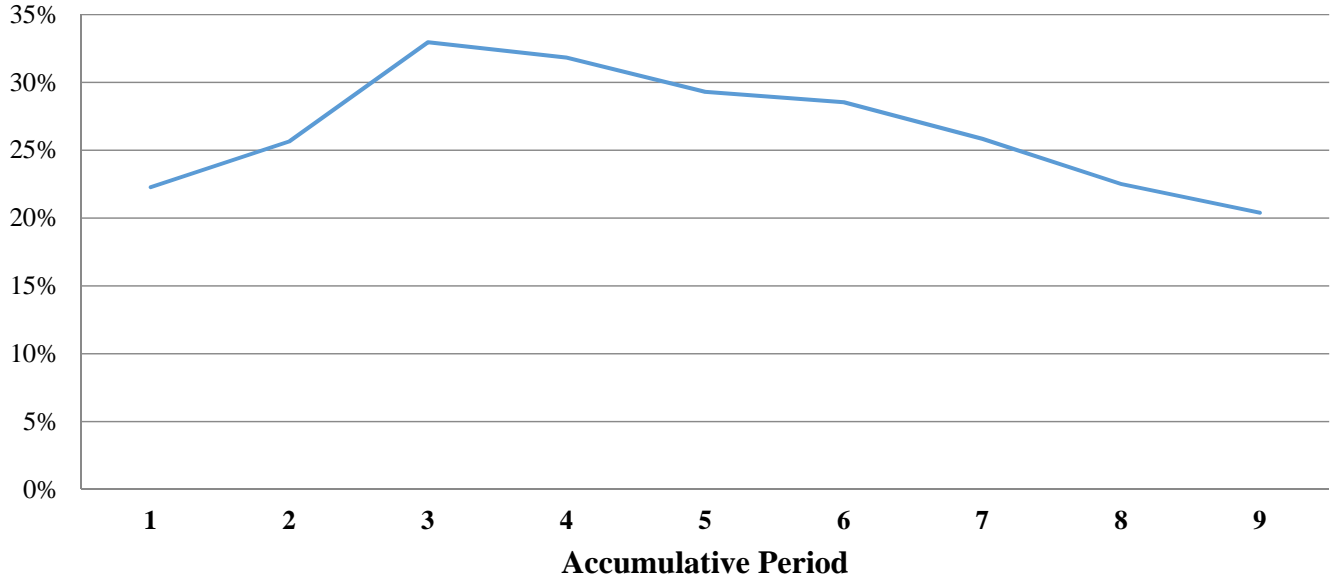
**Chart 1:
Evergy Missouri Metro
FAC Costs**



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



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



BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

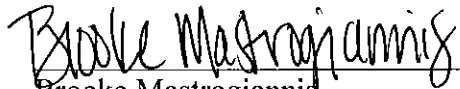
In the Matter of Evergy Metro, Inc. d/b/a)
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Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

AFFIDAVIT OF BROOKE MASTROGIANNIS

COUNTY OF COLE) ss.
)

COMES NOW Brooke Mastrogiannis, and on her oath declares that she is of sound mind and lawful age, that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

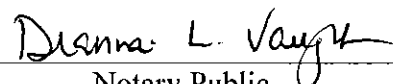
Further the Affiant sayeth not.



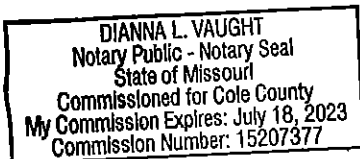
Brooke Mastrogiannis

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of February, 2020.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI


In the Matter of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro for Authority to) File No. ER-2020-0221
Implement Rate Adjustments Required by)
20 CSR 4240-20.090(8) and the Company's)
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Recovery Mechanism)

AFFIDAVIT OF LISA WILDHABER

COUNTY OF COLE) ss.
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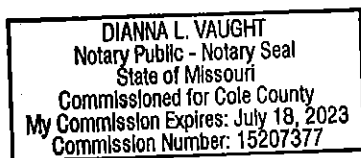
COMES NOW Lisa Wildhaber, and on her oath declares that she is of sound mind and lawful age, that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

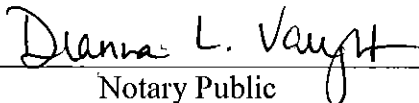
Further the Affiant sayeth not.


Lisa Wildhaber

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of February, 2020.




Notary Public