

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

In the Matter of Every Missouri West, Inc. d/b/a)
Every Missouri West’s Tariff Revision to)
Implement Rate Adjustments Required by) **File No. ER-2020-0421**
20 CSR 4240-20.090(8) and the Company’s) Tracking No. JE-2020-0222
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 June 30, 2020, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) 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 September 1, 2020.
2. Concurrently on June 30, 2020, Evergy Missouri West submitted a true-up filing in File No. EO-2020-0420 to identify the net fuel costs it over- or under-charged customers during the twenty-third Recovery Period prescribed by its FAC. This amount is used when calculating the new Fuel Adjustment Rates (“FARs”) in this case.
3. On July 2, 2020, the Commission ordered Staff to examine and analyze Evergy Missouri West’s filings in this case, and to file its recommendation no later than July 30, 2020, as required by Rule 20 CSR 4240-20.090(8).
4. Any party wishing to intervene was given a deadline of July 15, 2020 to file an application with the Commission. 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 indicating the proposed revised

tariff sheet Evergy Missouri West filed on June 30, 2020, become effective on September 1, 2020, by operation of law.

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

9. The FPA amount, subject to prudence review, is (\$3,190,567). This represents the total requested decrease in the amount sought to be collected in customer FAC charges over the applicable recovery period. The FPA amount includes

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

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

the difference between Annual Net Energy Costs (“ANEC”) and Net Base Energy Cost (“B”) the Company experienced during the 26th Accumulation Period, including application of the Commission approved 95 percent sharing ratio, plus the amount from the true-up for the 23rd Recovery Period in File No. EO-2020-0420, and applicable interest.

10. The proposed changes to FARs will result in a decrease to the typical Evergy Missouri West residential non-large customer’s monthly bill (based on 1,000 kWh), before taxes, from \$1.75 to (\$0.02), for a decrease of \$1.77.

11. Staff would also like to note that Evergy Missouri West included in the December 2019 fuel costs an adjustment amounting to a credit of (\$779,988) that “relates to a reversal for accrued liquidated damages for the Sibley generating station that dates back to 2009.”³ Staff has worked to verify related costs/revenues from the retired Sibley generation station fuel costs are removed from FAR filings; Staff agrees with this adjustment being included, as it is a reversal of previously estimated accrued fuel expenses that were originally flowed through and recovered from customers through the Company’s FAC in 2009.

12. Following the Commission’s Report and Order in EO-2019-0067, Evergy Missouri West is now seeking recovery of the adjustment amounts for the steam auxiliary power expense from Lake Road in the 22nd, 23rd, and 24th accumulation periods in the concurrent true-up filing, Case No. EO-2020-0420. These adjustments amount to \$803,113, including interest of \$29,614.

³ Evergy Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 5, ln. 1.

13. 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 the true-up filing in File No. EO-2020-0420, 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 indicating the 3rd Revised Sheet No. 127.23 Canceling 2nd Revised Sheet No. 127.23 become effective on September 1, 2020 by operation of law.

Respectfully submitted,

/s/ Travis J. Pringle

Travis J. Pringle
Legal Counsel
Missouri Bar No. 71128
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Mo 65102-0360
(573) 751-4140 (Telephone)
(573) 751-9285 (Facsimile)
(Email) travis.pringle@psc.mo.gov

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 30th day of July, 2020.

/s/ Travis J. Pringle

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2020-0421, Tariff Tracking No. JE-2020-0222
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

DATE: /s/ Brad J. Fortson 7/30/2020 /s/ Travis Pringle 7/30/2020
Energy Resources Department / Date Staff Counsel Department / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates
Related to Evergy Missouri West, Inc.'s, d/b/a Evergy Missouri West Fuel
Adjustment Clause Pursuant to the Commission's Report and Order in
Case No. ER-2018-0146

DATE: July 30, 2020

Staff Recommendation

On June 30, 2020, Evergy Missouri West, Inc., d/b/a Evergy Missouri West ("Evergy Missouri West") filed one (1) tariff sheet, 3rd Revised Sheet No. 127.23, Canceling 2nd Revised Sheet No. 127.23, bearing a proposed effective date of September 1, 2020, to revise Evergy Missouri West's current annual Fuel Adjustment Rates ("FARs") (lines 16, 19, 22, and 25 on 3rd Revised Sheet No. 127.23) of its Fuel Adjustment Clause ("FAC"). Evergy Missouri West filed direct testimony of its witness Lisa A. Starkebaum on June 30, 2020, and submitted to Staff work papers in support of the direct testimony and filed tariff sheet. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2020-0222 and ordered Missouri Public Service Commission Staff ("Staff") to file its recommendation concerning the tariff sheet no later than July 30, 2020.

Staff recommends the Commission issue an order indicating proposed 3rd Revised Sheet No. 127.23 Canceling 2nd Revised Sheet No. 127.23 of the FAC for Evergy Missouri West become effective on September 1, 2020, by operation of law.

Accumulation Period 26 FARs

The testimony and work papers include information supporting Evergy Missouri West's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of (\$3,190,567)

(line 11¹ of 3rd Revised Sheet No. 127.23) for Accumulation Period 26 (“AP26”) (December 1, 2019 through May 31, 2020) reflecting the sum of:

1. The amount of (\$7,292,009) on line 7 of 3rd Revised Sheet No. 127.23, which is equal to 95% of the difference between a) Eversource Missouri West’s Missouri jurisdiction² Actual Net Energy Costs (ANEC) (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenue less renewable energy credit revenue) and b) Eversource Missouri West’s Missouri jurisdiction Net Base Energy Cost;
2. The true-up amount³ reflected on line 8 of 3rd Revised Sheet No. 127.23, of \$3,886,791; and
3. The interest amount reflected on line 9 of 3rd Revised Sheet No. 127.23, of \$214,651.

The proposed Current Period Eversource Missouri West FAR of (\$0.00035) per kWh (line 13 of 3rd Revised Sheet No. 127.23) is equal to Eversource Missouri West’s FPA amount of (\$3,190,567) divided by the estimated Recovery Period 26 (“RP26”)⁴ Retail Net System Input (“RNSI”) at the generator level⁵ (“S_{RP}”) of 9,098,259,796 kWh (line 12 of 3rd Revised Sheet No. 127.23).

Because of differences in line losses for secondary, primary, substation, and transmission secondary voltage service levels,⁶ tariff sheet lines 14, 17, 20, and 23 reflect different current period FARs for service taken at secondary, primary, substation, and transmission voltage service levels.

The Accumulation Periods, Recovery Periods, and other specifications of Eversource Missouri West’s FAC for AP26 are set out in its tariff sheets identified in the following table:

¹ Line 11 is the FPA amount subject to prudence review, line 11.1 is the PISA amount deferred to a PISA regulatory asset account, and line 11.2 is the FPA amount subject to recover in true-up.

² See line 4 of 3rd Revised Sheet No. 127.23 and definition of J on Original Sheet No. 127.21.

³ The true-up amount was requested by Eversource Missouri West in its June 30, 2020 filing in File No. EO-2020-0420.

⁴ RP26 includes September 1, 2020 through August 31, 2021.

⁵ See definition of S_{RP} on Original Sheet No. 127.22.

⁶ The voltage adjustment factors (VAFs) for Eversource Missouri West for primary, secondary, substation and transmission voltage service levels are included on lines 26 through 29 of 3rd Revised Sheet No. 127.23.

For Service Provided December 6, 2018 and Thereafter
Original Sheet No. 127.13
Original Sheet No. 127.14
Original Sheet No. 127.15
Original Sheet No. 127.16
Original Sheet No. 127.17
Original Sheet No. 127.18
Original Sheet No. 127.19
Original Sheet No. 127.20
Original Sheet No. 127.21
Original Sheet No. 127.22
Original Sheet No. 127.23
1 st Revised Sheet No. 127.23
2 nd Revised Sheet No. 127.23

Listed below are Evergy Missouri West’s proposed Current Annual FARs on 3rd Revised Sheet No. 127.23, and the Evergy Missouri West Current Annual FARs on 2nd Revised Sheet No. 127.23 together with the changes between them for primary, secondary, substation, and transmission voltage service levels.

Evergy Missouri West Current Annual Fuel Adjustment Rates \$ per kWh			
Service	Proposed 3rd Revised Sheet No. 127.23	Now Effective 2nd Revised Sheet No. 127.23	Difference
Secondary-Large Power Service	(\$0.00002)	\$0.00133	\$0.00135 Decrease
Secondary-Non-Large Power Service	(\$0.00002)	\$0.00175	\$0.00177 Decrease
Primary-Large Power Service	(\$0.00002)	\$0.00132	\$0.00134 Decrease
Primary-Non-Large Power Service	(\$0.00002)	\$0.00173	\$0.00175 Decrease
Substation-Large Power Service	(\$0.00002)	\$0.00129	\$0.00131 Decrease
Substation-Non-Large Power Service	(\$0.00002)	\$0.00170	\$0.00172 Decrease
Transmission-Large Power Service	(\$0.00002)	\$0.00129	\$0.00131 Decrease
Transmission-Non-Large Power Service	(\$0.00002)	\$0.00169	\$0.00171 Decrease

The proposed changes to FARs will result in a decrease to the typical Evergy Missouri West residential non-large customer's monthly bill (based on 1,000 kWh) before taxes of \$1.77, i.e., from \$1.75 to (\$0.02).

In her direct testimony Ms. Starkebaum states:

Evergy Missouri West's ANEC are \$22 million lower in the 26th accumulation period as compared to the previous 25th accumulation period primarily due to a decrease in purchased power expense of \$18.5 million. Fuel costs are lower in the 26th accumulation period by \$6.7 million due to less demand driven by cooler weather and the COVID-19 pandemic. The 26th accumulation period of December through May is naturally cooler than the previous 25th accumulation period of June through November. In addition, April and May were both 37% cooler than normal. Iatan 2 was offline in April for 12 days due to market reserve shutdown and for six days due to forced outage as the result of a steam leak. Lastly, during the 26th accumulation period, there was 29% less generation which resulted in less excess generation to sell amounting to a 36% decrease in off-system sales revenues or a decrease of \$3.2 million compared to the prior 25th accumulation period.⁷

Plant in Service Accounting (PISA) Deferrals Permitted Under Section 393.1400, RSMo, And Limitations On Rate Modifications Permitted Under Section 393.1655, RSMo

On December 31, 2018, Evergy Missouri West elected to make the deferrals set forth in Section 393.1400.5 RSMo - Plant in Service Accounting ("PISA") effective January 1, 2019 through, at least, December 31, 2023. As stated in Lisa A. Starkebaum's testimony:

Second, the Company has performed the plant in service accounting ("PISA") calculations to determine the impact, if any, of this semi-annual FAR filing on the Average Overall Rate and Class Average Overall Rate for the Large Power customer class as set forth in the rule under the provisions of section 393.1655 RSMo, rate cap limitations. The compound average growth rate cap provisions of section 393.1655 RSMo. applied to this FAR filing are 5.2858% for the average overall rate cap and 3.5090% 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 than 5.2858% and, as such, the provisions of section 393.1655.5 do not affect this FAR 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 3.5090% of the class average overall rate

⁷ Evergy Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 5, ln. 1-13.

for this rate class. Therefore, there are no PISA adjustments in this FAR filing.⁸

Eversource Missouri West's current FAR filing is not affected by any PISA adjustments. In two previous FAR filings, Case No. ER-2019-0413, PISA was triggered, and there were separate approved rates for Large Power ("LP") Service customers and Non-Large Power ("Non-LP") Service customers. In the previous FAR filing, Case No. ER-2020-0189, even though PISA was not triggered, there were still separate approved rates for LP and Non-LP customers because of lines 15, 18, 21, and 24 on the tariff sheet labeled "prior period FAR". In this proposed FAR filing, PISA will again not be triggered, and there is no need for separate approved rates for LP and Non-LP customers because those lines for the "prior period FAR" were the same for LP and Non-LP customers. This is consistent with what is stated in Lisa Starkebaum's direct testimony: "The proposed Current Annual FARs are again the same for both Large Power and Non-Large Power customers and are no longer reflected separately on the 3rd revised Sheet No. 127.23, cancelling the 2nd Revised Sheet No. 127.23."⁹

Retirement of Sibley Generation Facility

In the previous two FAR filings, Case Nos. ER-2019-0413 and ER-2020-0189, Eversource Missouri West removed expenses and credits related to the cost of removal of coal and propane at the retired Sibley generation facility because in Case No. ER-2019-0413, the Company agreed to no longer include Sibley generation station fuel costs for recovery through the FAC as the plant is now retired. Going forward, Staff will continue to verify in the Company work papers that these related costs/revenues are removed from each FAR filing. In addition, in the current Eversource Missouri West prudence review, Case No. EO-2020-0262, Staff is verifying all related costs/revenues were correctly removed from the FAC for all months under the review period.

However, in the current FAR filing, included in the December 2019 fuel costs is an adjustment amounting to a credit of (\$779,988). As stated in Lisa A. Starkebaum's direct testimony:

⁸ *Id.*, pg. 6, ln. 14 through pg. 7, ln 5.

⁹ *Id.*, pg. 8, ln. 14-16.

This credit adjustment relates to a reversal for accrued liquidated damages for the Sibley generating station that dates back to 2009. These costs were originally accrued for during the September-December 2009 timeframe and were included in the fuel expenses recovered through Missouri West's FAC. An adjustment to the general ledger was made in December 2019 to reverse these accruals for Sibley liquidated damages because the Company never received a bill for this amount from the railroad. The Company does not anticipate receiving an invoice from the railroad due to the statute of limitations. The Company believes that because this adjustment dates back to a time period when the Sibley generating station was in-service and these costs were flowed through and recovered from customers through the Company's FAC, that it is prudent to include this credit adjustment in this FAR filing and flow it back to customers as a reduction in fuel expense.¹⁰

Staff agrees with this adjustment being included as a reduction in fuel expense and flowed back to customers, as it is a reversal of previously estimated accrued fuel expenses that were originally flowed through and recovered from customers through the Company's FAC in 2009.

Lake Road Steam Allocation of Auxiliary Power

The Commission, in Case No. EO-2019-0067, issued a Report and Order on November 6, 2019 denying The Office of the Public Counsel's ("OPC") request for a prudence adjustment related to the Lake Road auxiliary power issue. On December 5, 2019 OPC filed a Motion for Rehearing and Reconsideration. On January 8, 2020 the Commission denied OPC's Motion for Rehearing and Reconsideration. Consequently, this issue is now final and unappealable; therefore Eversource Missouri West is now seeking recovery of the adjustment amounts for the steam auxiliary power expense previously removed in the 22nd, 23rd, and 24th accumulation periods in the latest true-up filing, Case No. EO-2020-0420. These Lake Road adjustments amount to \$803,113, including interest of \$29,614.

Staff Review

Staff reviewed Eversource Missouri West's proposed 3rd Revised Sheet No. 127.23 Canceling 2nd Revised Sheet No. 127.23, the direct testimony of Eversource Missouri West witness Lisa A. Starkebaum and the work papers in this filing, in addition to Eversource Missouri West's

¹⁰ *Id.*, pg. 6, ln 1-13.

monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP26. Staff verified that the actual fuel and purchased power costs less off-system sales revenues match the fuel and purchased power costs less off-system sales revenues in Eversource Missouri West's proposed 3rd Revised Tariff Sheet No. 127.23. Staff reviewed Eversource Missouri West's monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under-/over- recovery of base fuel and purchased power costs for AP26 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

The information filed with the proposed tariff sheet and work papers include sufficient data to calculate Eversource Missouri West's FARs based on the actual fuel, purchased power, emission allowance and transmission costs net of off-system sales revenue and renewable energy credit revenue provided by Eversource Missouri West for AP26.

Attachment C includes three charts which provide a summary of Eversource Missouri West's twenty-six (26) FAC rate adjustment filings. Chart 1 illustrates a) Eversource Missouri West's actual net energy cost, net base energy cost and under- (over-) recovery amounts for each accumulation period, and b) that there have been twenty-one (21) accumulation periods with under-recovered amounts and five (5) accumulation periods with over-recovered amounts (AP10, AP16, AP17, AP18, and AP26). Chart 2 illustrates Eversource Missouri West's FAC cumulative under-recovered amount at the end of each accumulation period with the cumulative under-recovered amount through AP26 of approximately \$304 million. Chart 3 illustrates Eversource Missouri West's FAC cumulative under-recovered percentage at the end of each accumulation period with the cumulative under-recovered percentage through AP26 of approximately 11%.

Staff Recommendation

Staff is of the opinion that the tariff sheet filed on June 30, 2020, complies with the Commission's *Report and Order* in Case No. ER-2018-0146, Commission Rule 20 CSR 4240-20.090, and Eversource Missouri West's FAC as embodied in its tariff.

Eversource Missouri West requested that the 3rd Revised Tariff Sheet No. 127.23 Canceling 2nd Revised Tariff Sheet No. 127.23, filed June 30, 2020, become effective on September 1, 2020. Staff, based on its examination and analysis of the information Eversource Missouri West filed and

submitted in this case, recommends the Commission issue an order indicating the following proposed revised tariff sheet, take effect by operation of law on September 1, 2020:

P.S.C. Mo. No. 1
3rd Revised Sheet No. 127.23 Canceling 2nd Revised Sheet No. 127.23

Staff has verified that Evergy Missouri West is not delinquent on any assessment and has filed its 2019 Annual Report.¹¹ Evergy Missouri West is current on its submission of its Surveillance Monitoring reports as required in 20 CSR 4240-20.090(6) and its monthly reports as required by 20 CSR 4240-20.090(5). Except for Evergy Missouri West's RP23 true-up filing in File No. EO-2020-0420 (also filed on June 30, 2020), Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. Staff's recommendation for the Current Period FARs is solely based on the accuracy of Evergy Missouri West's calculations, and is not indicative of the prudence of the fuel costs during AP26.

¹¹ On May 15, 2020, the Company filed their 2019 Annual Report. On June 2, 2020, Staff's review had been completed and no errors or omissions were identified, therefore the Annual Report has been accepted and placed on file with the Commission.

