

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 13th day
of February, 2020.

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

File No. EO-2020-0188

In the Matter of Evergy Missouri West, Inc.)
d/b/a Evergy Missouri West's Tariff Revision)
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-2020-0189

Tariff No. JE-2020-0109

**ORDER RESOLVING ANNUAL FUEL ADJUSTMENT CLAUSE
TRUE-UP FOR RECOVERY PERIOD 22 AND
NOTICE OF TARIFF BEING ALLOWED TO GO INTO EFFECT BY
OPERATION OF LAW FOR ACCUMULATION PERIOD 25**

Issue Date: February 13, 2020

Effective Date: March 1, 2020

On December 31, 2019, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (Evergy West) submitted an application in File Number EO-2020-0188 containing its true-up filing for its Fuel Adjustment Clause (FAC) to remedy an under-collection of \$128,984. Evergy West also requests that the Commission approve an implementation tariff in File Number ER-2020-0189. The tariff bears an effective date of March 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 January 30, 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-2020-0188, the true-up amount identified in this filing is the result of Evergy West's under-collection of \$128,984 from its customers during Recovery Period 22 (RP22), September 1, 2018 through August 31, 2019. The true-up amount for RP22 is included in the Evergy West's proposed changes to its current period fuel adjustment rates for Accumulation Period 25 (AP25) in File Number ER-2020-0189.

Staff examined the direct testimony of Lisa A. Starkebaum, the supporting schedules Evergy West provided with its application in this case, and the monthly information Evergy West has submitted to the Commission. Staff also reviewed Evergy West's monthly interest calculations and agrees with them. Staff has verified that Evergy West has filed its 2018 annual report and is current on its assessments. Evergy West 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 West's RP22 true-up filing, which indicates Evergy West under-collected \$128,984 from its customers, for inclusion in Evergy West's AP25 adjustment filing in File Number ER-2020-0189.

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 West's application and authorize Evergy West to include the calculated amounts in its next FAC accumulation period as previously described.

FAC tariff

With regard to Evergy West's request to approve its FAC tariff in File Number ER-2020-0189, 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 West support its calculation of the Fuel and Purchased Power Adjustment (FPA) amount of \$3,013,594 for AP25 which is the sum of \$2,316,614, the difference between Actual Net Energy Costs (ANEC) and Net Base Energy Costs (NBEC) during AP25, the true-up under collection amount of \$128,984 for RP22 and applicable interest of \$567,995. Evergy West's requested adjustment would result in a monthly Fuel Adjustment Rate (FAR) charge of \$1.75, a decrease in the bill of a typical residential customer of approximately \$3.20 per month, based on monthly usage of 1,000 kWh.⁵ The FPA is effective for the billing months of March 2020 through August 2020.

The Commission's Staff verified that Evergy West's actual fuel and purchased power costs match the fuel and purchased power costs included in the company's calculated rates set in the submitted tariff. Staff notes that Evergy West removed a credit related to the cost of removing coal and propane from the retired Sibley generation facility. This

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

⁴ *Id.*

⁵ Evergy West witness Lisa A. Starkebaum's testimony explains the decrease is due to lower net energy costs, which is primarily due to a decrease in purchased power expense. A slight fuel cost increase led to more generation, which in part allowed for the decrease in purchased power. Additionally, retail load increased, with September being 87% warmer than normal, and October and November were 38% colder. Lastly, there was excess generation to sell, amounting to an increase in off-system sales.

follows previous removals of expenses related to the same costs in the previous FAR filing. Staff will continue to verify that these related costs and revenues are removed from each FAR filing, as well as verify that all costs were correctly removed in Evergy West's next prudence review.

Effective January 1, 2019, Evergy West elected to make plant in service accounting (PISA) deferrals permitted under 393.1400, RSMo, and further refined under 393.1655, RSMo (Supp. 2018). As a result, Evergy West's FAR filing proposes separate rates for Large Power Service customers and Non-Large Power Service customers. Staff acknowledges this method of bifurcation, but states it is not the only allowable method. Staff's recommendation comes with the understanding that Evergy West's FAC allows for retrospective adjustments in subsequent FAR filings as more data regarding the growth rate limitations and methodologies under 393.1655, RSMo (Supp. 2018), is collected and more experience with the statute refines the approaches taken.

Evergy West 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 3.73%, and do not affect this FAR filing. In addition, Evergy West is using projected Large Power sales to calculate a Large Power FAC rate. The proposed FAC charge applicable to Large Power customers does not exceed 2.48% of the class average overall rate for this rate class. Therefore, there are no PISA adjustments included in the FPA or FAR. Staff agrees with 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.⁶ If the FAC rate adjustment complies with the Commission's rule, Section 386.266, RSMo 2016, and the FAC

⁶ Commission Rule 20 CSR 4240-20.090(8)(H).

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.⁷

The Commission has reviewed Evergy West'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 allow Evergy West's proposed tariff to go into effect by operation of law.

Without Commission action, the tariff will become effective by operation of law on March 1, 2020. Additionally, as noted above, the Commission's rule requires an order be issued within 60 days of the tariff filing, which is February 29, 2020. Therefore, the Commission finds good cause that this order shall be effective in less than 30 days.

THE COMMISSION ORDERS THAT:

1. The true-up amount for Recovery Period 22 is established for Evergy Missouri West, Inc. d/b/a Evergy Missouri West as an under-collection of \$128,984 from its customers and shall be reflected in the rate adjustment in Commission File No. ER-2020-0189.
2. This order shall become effective on March 1, 2020.
3. These files shall close on March 2, 2020.

THE COMMISSION PROVIDES NOTICE THAT:

1. Evergy Missouri West, Inc. d/b/a Evergy Missouri West's tariff filing, assigned Tariff Tracking Number JE-2020-0109 will become effective March 1, 2020, by operation

⁷ *Id.*

of law, as an interim rate adjustment, subject to true-up and prudence reviews. The tariff is:

P.S.C. MO. No. 1

2nd Revised Sheet No. 127.23, Canceling 1st Revised Sheet No. 127.23



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

Morris L. Woodruff
Secretary

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

Hatcher, Regulatory Law Judge