

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone and internet audio conference on the 19th day of August, 2020.

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

In the Matter of Evergy Missouri West, Inc.)
d/b/a Evergy 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)

**ORDER APPROVING THE ANNUAL FUEL ADJUSTMENT CLAUSE TRUE-UP
FOR RECOVERY PERIOD 23, AND NOTICE OF A TARIFF BECOMING
EFFECTIVE BY OPERATION OF LAW FOR ACCUMULATION PERIOD 26**

Issue Date: August 19, 2020

Effective Date: September 1, 2020

On June 30, 2020, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (Evergy West) submitted an application in File Number EO-2020-0420 containing its true-up filing for its Fuel Adjustment Clause (FAC) to remedy an under-collection of \$3,916,405. Evergy West also requests that the Commission approve an implementation tariff in File Number ER-2020-0421. The tariff bears an effective date of September 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 July 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 its true-up filing in File Number EO-2020-0420, Evergy West reported an under-recovery from customers of \$3,916,405 during its 23rd Recovery Period (RP23), which ran from March 1, 2019, through February 29, 2020. The true-up amount for RP23 is included in Evergy West's proposed changes to its current period fuel adjustment rates for Accumulation Period 26 (AP26) in File Number ER-2020-0421.

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 pursuant to Commission Rule 20 CSR 4240-20.090(9).

Staff has verified that Evergy West has filed its 2019 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 rules 20 CSR 4240-20.090(6) and 20 CSR 4240-20.090(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Based on its review, Staff has determined that Evergy West's calculations for the true-up amounts for RP23, including the calculation of monthly interest, are correct. Staff recommends the Commission approve Evergy West's RP23 true-up filing, which indicates Evergy West under-collected \$3,916,405 from its customers, for inclusion in Evergy West's AP26 adjustment filing in File Number ER-2020-0421.

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.*

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-2020-0421, the proposed rate schedules are designed to recover from customers 95 percent of the company's net fuel and purchased power 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 -\$3,190,567 for AP26, which is the difference between \$7,292,009, less the true-up under collection amount of \$3,886,791⁵ for RP23 and the applicable interest of \$214,651. Evergy West's requested adjustment would result in a monthly Fuel Adjustment Rate (FAR) charge of a credit rate of -\$0.00002 per kWh for residential customers. This represents a decrease in the bill of a typical residential customer of approximately \$1.77 per month, based on monthly usage of 1,000 kWh.⁶ The FPA is effective for the billing months of September 2020 through February 2021.

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

Rex Deffenderfer Ent., Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App.1989).

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

⁴ *State ex rel. Public Counsel v. Public Service Commission*, 210 S.W.3d 344, 353-355 (Mo. App. 2006).

⁵ This amount is the EO-2020-0420 true-up amount of \$3,916,405 less an amount \$29,614 in auxiliary steam interest.

⁶ Evergy West witness Lisa A. Starkebaum's testimony explains the decrease is due to lower net energy costs due to a decrease in purchased power expense, lower fuel costs due to decreased demand from cooler weather and the COVID-19 pandemic, and less generation resulting in a decrease in off-system sales.

submitted tariff. Staff notes that Evergy 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. In its previous two FAR filings Evergy West removed expenses and credits related to the cost of removal of coal and propane at the retired Sibley generation facility because in File 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's work papers that these related costs/revenues are removed from each FAR filing. In Evergy West's current 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.

Effective January 1, 2019, Evergy West elected to make plant in service accounting (PISA) deferrals permitted under Section 393.1400, RSMo, and further refined under Section 393.1655, RSMo (Supp. 2018).

Evergy West has performed the PISA calculations to determine impacts as set forth in Section 393.1655, RSMo (Supp. 2018). 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, 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 3.5090% of the class average overall rate for this rate class. Therefore, there are no PISA adjustments included in the FPA or FAR.

The Commission's rule regarding FACs requires the Commission to issue an order regarding the company's tariff within 60 days of its filing.⁷ If the FAC rate adjustment complies with the Commission's rule, Section 386.266, RSMo 2016, and the FAC 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.⁸

Staff has requested that the Commission allow the FAC tariff to take effect by operation of law rather than by approving the tariff to be effective on a date certain. 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.

Commission Rule 20 CSR 4240-20.090(4), requires an order be issued within 60 days of the tariff filing, which is August 29, 2020. Without Commission action, the tariff will become effective by operation of law on September 1, 2020. So that this order concerning the true-up amounts and the tariff are concurrently effective, this order will be made effective in less than thirty days.

THE COMMISSION ORDERS THAT:

1. The true-up amount for Recovery Period 23 is established for Evergy West as an under-collection of \$3,916,405 from its customers and shall be reflected in the rate adjustment in Commission File No. ER-2020-0421.
2. This order shall become effective on September 1, 2020.

⁷ Commission Rule 20 CSR 4240-20.090(8)(H).

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

3. These files shall close on September 2, 2020.

THE COMMISSION PROVIDES NOTICE THAT:

1. Evergy West's tariff filing, assigned Tariff Tracking Number JE-2020-0222 will become effective September 1, 2020, by operation of law, as an interim rate adjustment, subject to true-up and prudence reviews. The tariff is:

P.S.C. MO. No. 1

3rd Revised Sheet No. 127.23, Canceling 2nd Revised Sheet No. 127.23



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

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

Clark, Senior Regulatory Law Judge