

*Exhibit No.:*  
*Issue(s):* *Staff's Recommendation  
of Evergy Missouri West's  
Fuel Adjustment Rate  
Tariff Filing*  
*Witness:* *Brooke Mastrogiannis*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Direct Testimony*  
*Case No.:* *ER-2023-0444*  
*Date Testimony Prepared:* *October 31, 2023*

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**ENERGY RESOURCES DEPARTMENT**

**DIRECT TESTIMONY**

**OF**

**BROOKE MASTROGIANNIS**

**EVERGY MISSOURI WEST, INC.,  
d/b/a EVERGY MISSOURI WEST**

**CASE NO. ER-2023-0444**

*Jefferson City, Missouri  
October 2023*



1 is attached as Schedule BMM-d3. Staff has conducted a review of all of the FAR components  
2 (fuel costs, purchased power costs, transmission costs, and off-system sales revenues) during  
3 the accumulation period<sup>1</sup> for Evergy Missouri West. My testimony provides an overview of  
4 Staff's Recommendation and will reiterate Staff's position.

5 **STAFF RECOMMENDATION TO REJECT TARIFF SHEET**

6 Q. Please describe Staff's review of the FAR.

7 A. Staff conducted a review of all of the FAR components (fuel costs,  
8 purchased power costs, transmission costs, and off-system sales revenues) during the  
9 accumulation period 32 ("AP 32") for Evergy Missouri West. The Staff Recommendation  
10 provided a brief overview of the proposed tariff sheet, a Nucor<sup>2</sup> discussion section, a Plant in  
11 Service Accounting deferrals section, a calculation of the Fuel and Purchased Power  
12 Adjustment and the FAR, a calculation after Voltage Adjustment Factors are applied, a Staff  
13 Review section, and Staff's Recommendation based on its review of the various components.

14 Q. Did Staff recommend rejection of Evergy Missouri West's proposed tariff sheet,  
15 as a result of its review? If so, why?

16 A. Yes. In its Recommendation, Staff explains its reasons for the Commission to  
17 issue an order rejecting Evergy Missouri West's proposed tariff sheet, which recommended the  
18 Company remove approximately \$48,018.52 of recovery from the Fuel Adjustment Clause  
19 ("FAC"). This is the result of Staff's interpretation of the Nucor adjustment from the Stipulation

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<sup>1</sup> Accumulation Period 32 is December 1, 2022 through May 31, 2023.

<sup>2</sup> Nucor Corporation and its affiliates are engaged in the manufacture of steel and steel products at over 60 facilities in the United States, including 21 steel mills that use electric arc furnaces to produce steel. Nucor Corporation constructed a steel rebar producing "micro mill" in Sedalia Missouri, which utilizes an electric arc furnace to recycle scrap steel into steel rebar. Nucor receives energy under a unique arrangement made possible through EMW's Schedule SIL, the Special Incremental Load Rate Contract, and Schedule SIL-1 which contains the rates specific to Nucor service. Nucor is EMW's largest customer.

1 and Agreement in Case No. EO-2019-0244 (“Nucor Stipulation”),<sup>3</sup> accounting for additional  
2 purchased power costs caused by certain Nucor-related events as described in paragraph 7d of  
3 the Nucor Stipulation. This language states:

4           GMO will monitor Nucor operations and will identify additional  
5 SPP-related costs resulting from unexpected operational events. If Nucor  
6 load experiences a 25% deviation from the expected Nucor load for more  
7 than 4 hours and that load change is not reflected in the GMO day-ahead  
8 commitments, GMO will quantify the balancing relationship between the  
9 hourly and day-ahead prices to identify the effect of the unplanned load  
10 change to apportion any additional SPP balancing charges and will  
11 incorporate the effect attributed to Nucor into the tracking of Nucor  
12 costs. If the effect of this relationship increases costs to non-Nucor  
13 customers, the amount will be reflected in a subsequent FAC rate change  
14 filing and the portion attributed to Nucor will be identified with  
15 supporting work papers and removed from the Actual Net Energy Cost  
16 prior to the calculation of the FAC rates.

17           Q.     How does Staff interpret the foregoing load deviation language from the Nucor  
18 Stipulation?

19           A.     Everbay Missouri West will make day-ahead commitments to SPP, which include  
20 forecasts for Nucor load for each hour of the next day. If the next day, in real-time, Nucor load  
21 deviates from the forecasted load by 25% or more, for more than 4 hours, the foregoing  
22 language regarding cost removal is triggered.

23           Q.     How often can Nucor load experience a deviation?

24           A.     Deviations from expected load can result in added costs in any time period,  
25 including those that occur for less than 4 hours and with load deviation less than the 25%  
26 threshold.

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<sup>3</sup> On November 13, 2019, the Commission issued its *Report and Order* approving the *Non-Unanimous Stipulation and Agreement* filed on September 19, 2019.

1 Q. According to the Nucor Stipulation, how often should these deviations be  
2 accounted for in the FAC?

3 A. Language in the aforementioned stipulation limits adjustments to the FAC to  
4 events that occur for more than 4 hours, load deviations that exceed 25% of expected load which  
5 are not reflected in the Evergy day-ahead commitments, and increased costs to non-Nucor  
6 ratepayers. The costs associated with these events must include the cost increases resulting  
7 from the entire load deviation event or non-Nucor ratepayers will pay the costs through the  
8 FAC. Staff's position in this case appropriately accounts for only load deviation events that  
9 result in an increase to non-Nucor customers, and including every hour of the event if the  
10 deviation exceeds 25% and occurs for more than 4 hours. The language within the stipulation  
11 and agreement acts as an incentive to Evergy Missouri West to accurately account for changes  
12 in expected Nucor load within SPP day-ahead commitments to limit the impact of load  
13 deviations on non-Nucor ratepayers.

14 Q. How is Evergy Missouri West accounting for these load deviations?

15 A. Evergy Missouri West's method of accounting for these load deviations is  
16 inconsistent with the statements and agreements made by the Company in past cases to isolate  
17 costs caused by Nucor from non-Nucor ratepayers, as they are taking the net effect of the  
18 six-month accumulation period, not accounting for the first four hours of each event, and also  
19 tracking this on a cumulative basis for up to a ten-year period.<sup>4</sup>

20 Q. Is this why Staff recommended rejection of Evergy Missouri West's proposed  
21 tariff sheet?

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<sup>4</sup> The Company has stated in data request response 0002, "The Company believes that it is important to analyze the event tracking over the life of the Nucor contract". The initial term of the contract is not to exceed ten years, with the potential of subsequent term extensions not to exceed ten years.

1           A.     Yes. Additionally, the Company's new method of taking the net effect of  
2 the six-month accumulation period undercounts the variance impact of what the adjustment  
3 would be if it were made when each event occurs. This is especially true by tracking this on  
4 a cumulative basis for up to a ten-year period, as that perpetually claws back an adjustment  
5 completely and shifts away from what the stipulation language was intended for in the  
6 first place. Lastly, Evergy Missouri West underestimates the effects of each unexpected  
7 operational event by excluding the cost impacts of the first four hours of each event; the full  
8 effects of additional SPP balancing charges from purchased power expense. In addition, it is  
9 Staff's understanding that EMW already agreed to this, as Company witness John R. Carlson  
10 included the first four hours of each event in his Rebuttal testimony workpapers in Case No.  
11 ER-2022-0130.

12           Staff's calculation, pursuant to the Nucor Stipulation, is accounting for only the  
13 unexpected operational events that result in an increase to non-Nucor customers, and also  
14 accounting for every hour of the event once the event experiences a 25% deviation from  
15 expected Nucor load for more than 4 hours. Therefore, the total adjustments made for the  
16 accumulation period would be approximately \$48,018.52<sup>5</sup> that would reduce purchased power  
17 costs for non-Nucor customers.

18           Q.     Is this issue new to the Commission?

19           A.     No. In Case No. ER-2022-0130, Staff expert J Luebbert filed direct, rebuttal,  
20 and surrebuttal testimony on this issue as it pertained to the general rate case. In Case No.  
21 EF-2022-0155, regarding EMW's request to securitize costs associated with winter storm Uri,  
22 Mr. Luebbert filed rebuttal testimony regarding Schedule SIL customer balancing events within

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<sup>5</sup> This amount is calculated by using Staff's approach of including the first four hours of every event there is a 25% deviation from load, and also only including the events where the result is an increase to non-Nucor customers.

1 the review period in that case. And in Case No. EC-2022-0315, Mr. Luebbert filed direct  
2 testimony on this issue in regards to a complaint case Staff filed on this issue.

3 Q. How are the cases mentioned in your previous response relevant to this case?

4 A. They all discuss how EMW has not appropriately implemented paragraph 7.d.  
5 of the Nucor Stipulation and explain how non-Nucor customers should be held harmless from  
6 increased costs that have flowed through the FAC. Mr. Luebbert provides extensive testimony  
7 in each of these cases and why it continues to be an issue.

8 Q. Has EMW attempted to comply with the stipulation language in this case?

9 A. Evergy Missouri West has attempted to, but inappropriately so. Evergy Missouri  
10 West's new method of accounting for unexpected operational events is inconsistent with  
11 the statements and agreements made by the Company to isolate costs caused by Nucor from  
12 non-Nucor ratepayers in past cases, as they are taking the net effect of the six-month  
13 accumulation period and also tracking this on a cumulative basis for up to a ten-year period.  
14 It is Staff's understanding that during an Accumulation Period in the FAC, if the costs caused  
15 by Nucor increases costs for non-Nucor customers, then there will be an adjustment made  
16 during that period, to decrease purchased power expense. This is compliant with the Nucor  
17 Stipulation language, as it states, "If the effect of this relationship increases costs to non-Nucor  
18 customers, the amount will be reflected in a subsequent FAC rate change filing and the portion  
19 attributed to Nucor will be identified with supporting work papers and removed from the Actual  
20 Net Energy Cost prior to the calculation of the FAC rates." However, EMW takes it a substantial  
21 step further, outside of the terms of the Nucor Stipulation. In the case where costs caused by  
22 Nucor decreases costs for non-Nucor customers, EMW will keep a running balance, essentially  
23 "tracking" that decrease, and using that balance to offset future increases in future accumulation

1 periods. If the Nucor Stipulation was intended to take this additional substantial step, it would  
2 have explicitly stated so. The language included in paragraph 7.d. states, “If the effect of this  
3 relationship **increases** costs to non-Nucor customers...” EMW is treating that language as if it  
4 reads, “If the effect of this relationship increases **or decreases** costs to non-Nucor customers...”  
5 However, the Commission-approved Nucor Stipulation only explicitly includes increases, not  
6 decreases. Customers are not receiving the full benefit the Nucor Stipulation intended since  
7 EMW is not removing the full amount each accumulation period, or for each unexpected  
8 operational event as the Nucor Stipulation requires, since they are “tracking” and then netting  
9 the cumulative balance for up to a ten year period.

10 Staff also disagrees with EMW’s new method because it states that EMW will be  
11 tracking deviations on a cumulative basis for up to a ten-year period. However, Schedule SIL  
12 took effect in January 1, 2020, and EMW is just now starting to account for this new method,  
13 therefore, they are excluding nearly the first four years from its tracking on a cumulative basis  
14 for up to a ten-year period.

15 Q. Based off Evergy Missouri West’s new method of accounting, will this result in  
16 ratepayers paying costs associated with Nucor load deviation through the FAC?

17 A. Yes.

18 Q. Does this conclude your prepared direct testimony in this proceeding?

19 A. Yes, it does.





**Brooke Mastrogiannis**

**Education and Employment Background**

I am a Utility Regulatory Audit Supervisor in the Energy Resources Department of the Missouri Public Service Commission. I have been employed by the Missouri Public Service Commission since May 2014. I previously was a Utility Regulatory Auditor in the Auditing Unit of the Utility Services Department, and a Utility Management Analyst in the Consumer and Management Analysis Unit. I have been in my current position since May 2020.

I received a Bachelor of Science degree in Accounting from Lincoln University, in Jefferson City, MO in May of 2012. I then continued to further my education and received my Masters of Business Administration with an emphasis in Accounting in December 2013. In earning these degree's I completed numerous core Accounting and Business classes.

Prior to joining the Commission, I was employed by the State of Missouri - Department of Natural Resources from June 2013 to May 2014 as an Accounting Specialist. My duties entailed: reviewing and monitoring expense account forms to ensure employees followed correct procedures, prepared and set up project and job codes so they could be coded correctly on employee's time sheets, analyzed and prepared necessary cash draws, and also prepared financial information or reports to facilitate budget information and execution.

**Brooke Mastrogiannis  
Case Participation  
Utility Regulatory Audit Supervisor**

<b>Company Name</b>	<b>Case Number</b>	<b>Testimony/Issues</b>
The Empire District Electric Company	ER-2014-0351	January 2015 Cost of Service Report- Plant in Service, Depreciation Reserve, Prepayments, Materials and Supplies, Customer Deposits, Customer Deposit Interest, Customer Advances, Amortization of Electric Plant, Amortization of PeopleSoft Intangible Asset, Corporate Franchise Taxes, Depreciation Expense, Amortization Expense, Dues and Donations, EEI Dues, Advertising Expense, Outside Services, and Postage.
Seges Partners Mobile Home Park L.L.C.	SR-2015-0106	January 2015 Staff Report- Rate Base, Revenues, Purchased Sewer Costs, Payroll and Payroll Taxes, Management Fee, Postage, Telephone Expense, Maintenance Expense, Insurance, Outside Services, PSC Assessment, and Rate Case Expense
The Empire District Electric Company	ER-2014-0351	March 2015 Surrebuttal Testimony- Advertising Expense, Customer Advances, and EEI Dues.
Ozark International, Inc.	WR-2015-0192	September 2015 Staff Report- Payroll, Telephone and Cell Phone Expense, Auto Expense, Insurance Expense, Bank Service Charges, Customer Deposits, Customer Deposit Interest, PSC Assessment, Revenues, Miscellaneous Income, Contract Labor, General Maintenance Expense, Electric Expense, Returned Check Fees, Outside Services, Dues and Subscriptions, and Credit Card Fees
Hillcrest Utility Operating Company, Inc.	WR-2016-0064	March 2016 Staff Report- Customer Service and Business Operations Review
Cannon Home Association	SR-2016-0112	April 2016 Staff Report- Customer Service and Business Operations Review
Roy-L Utilities, Inc.	WR-2016-0109	May 2016 Staff Report- Customer Service and Business Operations Review
Raccoon Creek Utility Operating Company, Inc.	SR-2016-0202	August 2016 Staff Report- Customer Service and Business Operations Review

**cont'd Case Participation  
Brooke Mastrogiannis**

<b>Company Name</b>	<b>Case Number</b>	<b>Testimony/Issues</b>
Raccoon Creek Utility Operating Company, Inc.	SR-2016-0202	October 2016 Rebuttal Testimony- Collection of Bad Debt
Kansas City Power and Light Company	EO-2016-0124	January 2017 Management Audit Report- Employee Expense Account Process and Internal Audit Activities
Terre Du Lac Utilities Corporation	WR-2017-0110	April 2017 Staff Report- Customer Service and Business Operations Review
Indian Hills Utility Operating Company, Inc.	WR-2017-0259	July 2017 Staff Report- Customer Service and Business Operations Review
Spire Missouri, Inc.	GR-2017-0215	December 2017 Rebuttal Testimony- Performance Metrics Incentive Proposal
Ameren Missouri	EO-2018-0155	April 2018 Staff Report- First MEEIA Cycle 2 Prudence Review
Liberty Utilities, LLC	WR-2018-0170	April 2018 Staff Report- Normalized and Annualized Revenues, Miscellaneous Revenues, Bad Debt Expense, Outside Services/Contract Maintenance, DNR Fees, Meter Reading Expense, Transportation Expense, and Property Taxes
KCPL Greater Missouri Operations	ER-2018-0146	June 2018 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause and Renewable Energy Rider Surrebuttal Testimony- Fuel Adjustment Clause
The Empire District Electric Company	EO-2018-0244	September 2018 Staff Report- Fuel Adjustment Clause Prudence Review
KCPL	EO-2018-0363	November 2018 Staff Report- First MEEIA Cycle 2 Prudence Review
KCPL Greater Missouri Operations	EO-2018-0364	November 2018 Staff Report- First MEEIA Cycle 2 Prudence Review
KCPL	EO-2019-0068	February 2019 Staff Report- Fuel Adjustment Clause Prudence Review
KCPL Greater Missouri Operations	EO-2019-0067	February 2019 Staff Report- Fuel Adjustment Clause Prudence Review

**cont'd Case Participation  
Brooke Mastrogiannis**

<b>Company Name</b>	<b>Case Number</b>	<b>Testimony/Issues</b>
Ameren Missouri	EO-2019-0257	August 2019 Staff Report- Fuel Adjustment Clause Prudence Review
Ameren Missouri	EO-2019-0376	October 2019 Staff Report- Second MEEIA Cycle 2 Prudence Review
The Empire District Electric Company	EO-2020-0059	February 2020 Staff Report- Fuel Adjustment Clause Prudence Review
The Empire District Electric Company	ER-2019-0374	January 2020 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause Surrebuttal Testimony- Fuel Adjustment Clause
Evergy Missouri Metro	EO-2020-0227	June 2020 Staff Report- Second MEEIA Cycle 2 Prudence Review
Evergy Missouri West	EO-2020-0228	June 2020 Staff Report- Second MEEIA Cycle 2 Prudence Review
Evergy Missouri West	EO-2020-0262	August 2020 Staff Report- Fuel Adjustment Clause Prudence Review
Evergy Missouri Metro	EO-2020-0263	August 2020 Staff Report- Fuel Adjustment Clause Prudence Review
Ameren Missouri	EO-2021-0060	February 2021 Staff Report- Fuel Adjustment Clause Prudence Review
Ameren Missouri	EO-2021-0157	May 2021 Staff Report- First MEEIA Cycle 3 Prudence Review
The Empire District Electric Company	EO-2021-0281	August 2021 Staff Report- Fuel Adjustment Clause Prudence Review
Ameren Missouri	ER-2021-0240	September 2021 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause Surrebuttal Testimony- Fuel Adjustment Clause
The Empire District Electric Company	ER-2021-0312	October 2021 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause Surrebuttal Testimony- Fuel Adjustment Clause

**cont'd Case Participation  
Brooke Mastrogiannis**

<b>Company Name</b>	<b>Case Number</b>	<b>Testimony/Issues</b>
Evergy Missouri West	EO-2021-0416	October 2021 Staff Report- First MEEIA Cycle 3 Prudence Review
Evergy Missouri Metro	EO-2021-0417	October 2021 Staff Report- First MEEIA Cycle 3 Prudence Review
Evergy Missouri Metro	EO-2022-0064	February 2022 Staff Report- Fuel Adjustment Clause Prudence Review
Evergy Missouri West	EO-2022-0065	February 2022 Staff Report- Fuel Adjustment Clause Prudence Review
Ameren Missouri	EO-2022-0236	August 2022 Staff Report- Fuel Adjustment Clause Prudence Review
The Empire District Electric Company	EO-2023-0087	February 2023 Staff Report- Fuel Adjustment Clause Prudence Review
Evergy Missouri West	ER-2023-0210	Rebuttal Testimony- Fuel Adjustment Clause; Fuel Adjustment Rate Filing
Ameren Missouri	EO-2023-0180	April 2023 Staff Report- Second MEEIA Cycle 3 Prudence Review
Evergy Missouri Metro	EO-2023-0276	August 2023 Staff Report- Fuel Adjustment Clause Prudence Review
Evergy Missouri West	EO-2023-0277	August 2023 Staff Report- Fuel Adjustment Clause Prudence Review
Evergy Missouri Metro	EO-2023-0407	October 2023 Staff Report- Second MEEIA Cycle 3 Prudence Review
Evergy Missouri West	EO-2023-0408	October 2023 Staff Report- Second MEEIA Cycle 3 Prudence Review

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2023-0444, Tariff Tracking No. JE-2023-0229

FROM: Brooke Mastrogiannis, Utility Regulatory Audit Supervisor

DATE: /s/ Brooke Mastrogiannis 07-31-2023      /s/ Ron Irving 07-31-2023  
Energy Resources Department / Date      Staff Counsel Department / Date

SUBJECT: Staff Recommendation for Rejection 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-2020-0130

DATE: July 31, 2023

### **Staff Recommendation**

On June 30, 2023, Evergy Missouri West, Inc., d/b/a Evergy Missouri West (“Evergy Missouri West” or “EMW” or “Company”) filed one (1) tariff sheet, P.S.C. Mo. No. 1 1st Revised Sheet No. 127.34, Canceling Original Sheet No. 127.34<sup>1</sup>, bearing a proposed effective date of September 1, 2023. This tariff is to revise Evergy Missouri West’s current annual Fuel Adjustment Rates (“FARs”) (lines 16, 19, 22, and 25 on 1st Revised Sheet No. 127.34) of its Fuel Adjustment Clause (“FAC”) for Accumulation Period (“AP”) 32. Evergy Missouri West also filed the direct testimony of Lisa A. Starkebaum on June 30, 2023, and submitted to Staff work papers in support of the direct testimony and filed tariff sheet.

In the previous FAR filing for AP31 in Case No. ER-2023-0210, there was a *Non-Unanimous Stipulation and Agreement* (“Agreement”) filed on June 21, 2023. Within that Agreement, the Company, Staff, and the Office of the Public Counsel (“OPC”) agreed to include a portion of the 31<sup>st</sup> accumulation period disputed balance of \$85,420,087 that does not exceed the 2% Large Power Plant-in-Service-Accounting (“PISA”) cap. This results in an additional \$45,262,522 of Fuel and Purchased Power Adjustment (“FPA”) that can be included in the 32<sup>nd</sup> accumulation period. The remaining \$40,257,565 of FPA will be included for recovery in the 33<sup>rd</sup> accumulation period with interest included. Although this Agreement still has not been approved by the Commission, it is included within this AP32 filing. Staff supports the inclusion of a portion of AP31 in this AP32 filing.

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<sup>1</sup> The currently effective tariff sheet is 9th Revised Sheet No. 127.23, as it is in effect until August 2023.

Separately, the Company entered into a Stipulation and Agreement in the last Eversource Missouri West general rate proceeding, ER-2022-0130, that reiterated and reinforced terms established with the approval of the Special Incremental Load tariff, Schedule SIL, in EO-2019-0244. Beginning in January 2023, Eversource Missouri West began tracking operational events at Nucor.<sup>2</sup> Eversource Missouri West established a new procedure to account for hourly Nucor load data to establish the Day Ahead demand bid in the Southwest Power Pool (“SPP”) Integrated Market for EMW and track costs pursuant to the event balancing discussed in the Nucor stipulation and agreement in Case No. EO-2019-0244. As explained further in the Nucor Discussion section below, Staff does not agree with Eversource Missouri West’s identification and calculation method. Therefore, Staff recommends the Commission issue an order rejecting the proposed 1st Revised Sheet No. 127.34, and direct Eversource Missouri West to file a substitute tariff sheet that includes a \$48,018.52 reduction adjustment to purchased power expense. This is the result of Staff’s interpretation of the Nucor adjustment from the stipulation and agreement in Case No. EO-2019-0244, accounting for additional purchased power costs caused by operational events as described in paragraph 7d of the Stipulation & Agreement. Under Commission Rule 20 CSR 4240-20.090(8)(H)3,<sup>3</sup> the Commission can reject the proposed tariff 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. Staff points out that the interim adjusted FAR in this filing to reflect any part of the proposed adjustment that is not in question would reduce the ANEC to \$124,394,491, resulting in the current period FAR

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<sup>2</sup> Staff notes that Eversource has been required to “identify additional SPP related costs resulting from unexpected operational events” since the stipulation and agreement was approved in Case No. EO-2019-0244.

<sup>3</sup> Commission Rule 20 CSR 4240-20.090(8)(H)3. states:

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 tariff 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.



on line 13 to be \$0.00590, and the rates on lines 16, 19, 22, and 25 would be reflected accordingly. See Staff's table below for further detail by service class:

Service	EMW Proposed 1st Revised Sheet No. 127.34	Staff Proposed 1st Revised Sheet No. 127.34
Secondary Non-Large Power	0.00856	0.00855
Primary Non-Large Power	0.00838	0.00837
Substation Non-Large Power	0.00828	0.00827
Transmission Non-Large Power	0.00822	0.00821

### **Nucor Discussion**

Ms. Starkebaum states in her Direct Testimony:

In the EMW general rate proceeding, ER-2022-0130, the Company entered into a Stipulation and Agreement that reiterated and reinforced terms established with the approval of the Special Incremental Load tariff, Schedule SIL in EO-2019-0244. In compliance with these provisions, Evergy Missouri West revised its approach for tracking operational events at Nucor to enhance cost tracking underway since approval of the SIL rate. Starting in November 2022, Evergy worked directly with Nucor plant operations to determine data available to inform an hourly load forecast for use by the Company in its day ahead resource planning. The revised approach relies on prior year actual hourly load data supplemented by annual outage schedules, monthly planning updates and same-day outage communications from Nucor operations. Specifically, the load estimate is the annual average hourly load for a 24-hour period.

EMW established a new procedure to use this hourly load data to establish the Day Ahead demand bid in the Southwest Power Pool ("SPP") Integrated Market for EMW and track costs pursuant to the event balancing discussed in the Nucor stipulation and agreement in Case No. EO-2019-0244. EMW then adjusted existing Nucor cost tracking spreadsheets to incorporate the cost difference comparing real time to day ahead costs for all hours meeting the established operational conditions. These cost differences, positive or negative, are used to adjust the costs before being processed through the FAC. These processes were applied to all hourly loads and used to adjust costs starting in January 2023, consistent with the effective date of rates from the 2022 Case.

During the 32<sup>nd</sup> accumulation period of December 2022 through May 2023, the impact of using the Nucor tracking procedure beginning January 2023 through April actuals in this filing results in a net decrease in Nucor's load costs by \$9,469. This amount was first recorded in the general ledger in the month of May and will be recorded monthly going forward on a one-month lag. Consistent with the language in the Non-Unanimous Stipulation and Agreement reached in Case No. EO-2019-0244, since the analysis for this accumulation period results in a net decrease in Nucor's load costs, which in turn would result in an increase in costs for non-Nucor customers, the \$9,469 has been removed from the ANEC in the Purchased Power line item and is reflected in the work paper support included with this filing.

Paragraph 7d of the stipulation in the EO-2019-0244 case states:

GMO will monitor Nucor operations and will identify additional SPP-related costs resulting from unexpected operational events. If Nucor load experiences a 25% deviation from the expected Nucor load for more than 4 hours and that load change is not reflected in the GMO day-ahead commitments, GMO will quantify the balancing relationship between the hourly and day-ahead prices to identify the effect of the unplanned load change to apportion any additional SPP balancing charges and will incorporate the effect attributed to Nucor into the tracking of Nucor costs. If the effect of this relationship increases costs to non-Nucor customers, the amount will be reflected in a subsequent FAC rate change filing and the portion attributed to Nucor will be identified with supporting work papers and removed from the Actual Net Energy Cost prior to the calculation of the FAC rates.

Staff will now refer to this 25% deviation from the expected Nucor load for more than 4 hours as an "event".

Staff notes there may be some inconsistency between Ms. Starkebaum's testimony above and what Staff understands to now be Evergy Missouri West's position on this issue. She states this amount was first recorded in the month of May, 2023, but will be recorded monthly going forward.

Then, In follow up discussions prior to filing this memorandum, Evergy Missouri West personnel explained that the adjustment will be made by taking the summation of the net effects of each month of the accumulation period, and one adjustment will be made at the end of the accumulation period, instead of monthly.

It was also explained in another follow up discussion that Evergy's estimate of the effect of calculated Nucor load imbalances for observed events during this accumulation period was an estimated decrease in costs for non-Nucor customers, and the \$9,469 that was removed from the ANEC was just to offset the original entry EMW made to increase the ANEC.

It is Staff's understanding that it is still EMW's intention to make an adjustment at the end of the accumulation period only if the result is an increase to non-Nucor customers. However, in another subsequent follow-up call with EMW personnel they indicated the Company will be tracking the effects of each month, on a cumulative basis, so in the next accumulation period they will be taking the net effect for months outside of that accumulation period. Staff is unclear when or how the Company will quantify any future adjustment, and exactly how this will work going forward. For example, if future periods result in an estimated overall reduction in purchased power expense based on the calculated load imbalances from Nucor operational events, but the period prior to those the Company already made an adjustment because that sum was an estimated increase in costs to non-Nucor customers, Staff is unclear if that original adjustment will be altered by Evergy. In addition, it appears Evergy Missouri West may be violating the FAC tariffs to make an adjustment in an accumulation period for months outside of the accumulation period. With only 30 days to write a recommendation, the 15-day data request turnaround time, and what seems to be Evergy's inability to determine a consistent process for making the adjustment, Staff was unable to get the understanding needed before Staff's recommendation was due.

Evergy Missouri West's new method of accounting for operational events appears to be inconsistent with the statements and agreements made by the Company to isolate costs caused by Nucor from non-Nucor ratepayers in past cases. Staff's opinion of this new method is that by taking the net effect of the six-month accumulation period undercounts the variance impact of what the adjustment would be if it were made for when each event occurs. This is especially true by tracking this on a cumulative basis for up to a ten-year period, as that perpetually claws back an adjustment completely going forward and shifts away with what the stipulation language was intended for in the first place. Staff's calculation is accounting for only operational events that result in an increase to non-Nucor customers, therefore, the total adjustments made for the

accumulation period would be approximately \$48,018.52<sup>4</sup> that would reduce purchased power costs for non-Nucor customers. The adjustments are dependent on market conditions and the accuracy of EMW's forecasted Nucor load meaning that the magnitude can vary substantially depending on market conditions.

Lastly, Eversource Missouri West underestimates the effects of each operational event by excluding the cost impacts of the first four hours of each event<sup>5</sup>. As the Stipulation and Agreement states above:

If Nucor load experiences a 25% deviation from the expected Nucor load for more than 4 hours and that load change is not reflected in the GMO day-ahead commitments, GMO will quantify the balancing relationship between the hourly and day-ahead prices to identify the effect of the unplanned load change to apportion any additional SPP balancing charges and will incorporate the effect attributed to Nucor into the tracking of Nucor costs.

Once an event occurs<sup>6</sup>, the effect of the unplanned load change must be quantified and any additional balancing charges should be removed from purchased power expense. Eversource Missouri West's method does not quantify, nor remove, the full effects of additional SPP balancing charges from purchased power expense.

Based on the interim adjusted FAR in this filing to reflect any part of the proposed adjustment that is not in question would reduce the ANEC to \$124,394,491, resulting in the current period FAR on line 13 to be \$0.00590, and the rates on lines 16, 19, 22, and 25 would be reflected accordingly. The amount in question is approximately \$48,018.52, so the amount in question here is small with minimal effects on the overall rate in this FAR filing. However, the argument both parties are making and the methodology behind this adjustment is more at issue and what is still in question. In future FAR filings if an event such as Storm Uri occurred again, the amount in question could be much larger.

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<sup>4</sup> This amount is calculated by using Staff's approach of including the first four hours of every event there is a 25% deviation from load, and also only including the events where the result is an increase to non-Nucor customers.

<sup>5</sup> In addition to the inconsistencies and confusion stated on page 4 above, this was another piece to EMW's calculation that initially started with EMW excluding the cost impacts of the last four hours of each event, but after having a follow-up call with Eversource personnel, it was stated and additional workpapers were provided to support the cost impacts of excluding the first four hours of each event.

<sup>6</sup> Nucor's load experiences a 25% deviation from the expected Nucor load for more than 4 hours and that load change is not reflected in the GMO day-ahead commitments.

**Accumulation Period 32 FARs**

The testimony and work papers include information supporting Eversource Missouri West's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of \$52,450,000 line 11<sup>7</sup> of 1<sup>st</sup> Revised Sheet No. 127.34, for AP32 (December 1, 2022 through May 31, 2023) reflecting the sum of:

1. The amount of \$3,086,758 on line 7 of 1st Revised Sheet No. 127.34, which is equal to 95% of the difference between: a) Eversource Missouri West's Missouri jurisdiction<sup>8</sup> 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 amount<sup>9</sup> reflected on line 8 of 1st Revised Sheet No. 127.34, of \$44,878,064; and,
3. The interest amount reflected on line 9 of 1st Revised Sheet No. 127.34, of \$4,485,178.

The proposed Current Period Eversource Missouri West FAR of \$.00591 per kWh (line 13 1st Revised Sheet No. 127.34) is equal to Eversource Missouri West's FPA amount of \$52,450,000 divided by the estimated Recovery Period 32 ("RP32")<sup>10</sup> Retail Net System Input ("RNSI") at the generator level<sup>11</sup> ("SRP") of 8,874,311,293 kWh (line 12 of 1st Revised Sheet No. 127.34).

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<sup>7</sup> 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.

<sup>8</sup> See line 4 of 1st Revised Sheet No. 127.34 and definition of J on Original Sheet No. 127.31.

<sup>9</sup> The true-up amount was requested by Eversource Missouri West in its June 30, 2022 filing in File No. EO-2023-0445. The True-Up amount includes a Non-Unanimous Stipulation and Agreement amount of \$45,262,522, from Case No. ER-2023-0210.

<sup>10</sup> RP32 includes September 1, 2023 through August 31, 2024.

<sup>11</sup> See definition of SRP on Original Sheet No. 127.32.

Because of differences in line losses for secondary, primary, substation, and transmission voltage service levels,<sup>12</sup> 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 Evergy Missouri West's FAC for AP32 are set out in its tariff sheets identified in the following table:

<b>For Service Provided January 9, 2023 and Thereafter</b>
Original Sheet No. 127.24
Original Sheet No. 127.25
Original Sheet No. 127.26
Original Sheet No. 127.27
Original Sheet No. 127.28
Original Sheet No. 127.29
Original Sheet No. 127.30
Original Sheet No. 127.31
Original Sheet No. 127.32
Original Sheet No. 127.33

Listed below are Evergy Missouri West's proposed Current Annual FARs on 1st Revised Sheet No. 127.34, and the Evergy Missouri West Current Annual FARs on 9th Revised Sheet No. 127.23 together with the changes between them for primary, secondary, substation, and transmission voltage service levels.

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<sup>12</sup> The voltage adjustment factors (VAFs) for Evergy Missouri West for primary, secondary, substation and transmission voltage service levels are included on lines 26 through 29 of 1st Revised Sheet No. 127.34.

Evergy Missouri West Current Annual Fuel Adjustment Rate \$ per kWh			
Service	Proposed 1st Revised Sheet No. 127.34	Now Effective 9th Revised Sheet No. 127.23	Difference
Secondary Large Power	0.00856	0.00386	0.00470 Increase
Secondary Non-Large Power	0.00856	0.00885	0.00029 Decrease
Primary Large Power	0.00838	0.00380	0.00458 Increase
Primary Non-Large Power	0.00838	0.00872	0.00034 Decrease
Substation Large Power	0.00828	0.00375	0.00453 Increase
Substation Non-Large Power	0.00828	0.00860	0.00032 Decrease
Transmission Large Power	0.00822	0.00374	0.00448 Increase
Transmission Non-Large Power	0.00822	0.00857	0.00035 Decrease

The proposed changes to FARs would result in a decrease to the typical Evergy Missouri West residential customer’s monthly bill (based on 1,000 kWh) before taxes of \$.29, i.e. from \$8.85 to \$8.56.

In her direct testimony Ms. Starkebaum states:

Evergy Missouri West’s Actual Net Energy Costs (“ANEC”), exceeds the base energy costs included in base rates by approximately \$3.3 million. When compared to the prior 31st accumulation period, the ANEC are \$88.9 million lower in the 32nd accumulation. This is due to a \$74 million, or 43%, decrease in purchase power expense and a \$41.7 million, or 60%, decrease in fuel costs offset by a \$25.4 million decrease in off-system sales revenue. The 32nd accumulation period of December 2022 through May 2023 typically has lower retail load requirements than the previous 31st accumulation period of June through November 2022. In addition, winter weather was 13% warmer than normal by 318 heating degree days and the month of May was 13% warmer than normal by 28 cooling degree days, resulting in a 9% decrease in retail load demand over the 31<sup>st</sup> accumulation period. This contributed to lower purchased power requirements which were also impacted by lower natural gas prices. For December 2022 through May 2023, the published NYMEX natural gas contract settlement price averaged \$3.51, which is 54% lower than the \$7.59 averaged in 31st accumulation period. Lastly, the decrease in fuel costs driven by 55% less

generation, due to generating units offline, and lower natural gas prices contributed to the decrease in off-system sales revenue.<sup>13</sup>

**PISA Deferrals Permitted Under Section 393.1400, RSMo, and Limitations On Rate Modifications Permitted Under Section 393.1655, RSMo**

On December 31, 2018, Eversource Missouri West elected to make the deferrals set forth in Section 393.1400.5 RSMo effective January 1, 2019 through, at least, December 31, 2023.

In her direct testimony Ms. Starkebaum states:

The Company performed the plant in service accounting (“PISA”) calculations to determine the impact, if any, on the Average Overall Rate and Class Average Overall Rate for the Large Power customer class as set forth in section 393.1655 RSMo, rate cap limitations. Base revenues have been updated with the results from the Company’s 2022 Case that became effective January 9, 2023. The compound annual growth rate (“CAGR”) cap provisions of section 393.1655 RSMo applied to this FAR filing are 15.0393% for the average overall rate cap and 9.8387% for the class average overall rate cap for Large Power customers. The FAC charge proposed in this filing does not exceed the average overall rate by more than 15.0393% 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 9.8387% of the class average overall rate cap for this rate class and, as such, the provisions of section 393.1655.6 do not affect this FAR filing.<sup>14</sup>

**Staff Review**

Staff reviewed Eversource Missouri West’s proposed 1st Revised Sheet No. 127.34, Canceling Original Sheet No. 127.34, the direct testimony of Eversource Missouri West witness Lisa A. Starkebaum and the work papers in this filing including additional workpapers requested in Data Request 0001, in addition to Eversource Missouri West’s monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP32.

Attachment A includes three charts providing a summary of Eversource Missouri West’s thirty-two (32) FAC rate adjustment filings. Chart 1 illustrates a) Eversource Missouri West’s actual net

<sup>13</sup> Eversource Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 5 ln. 17 through pg. 6, ln. 10

<sup>14</sup> Eversource Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 7 ln. 12 through pg. 8, ln. 4



energy cost, net base energy cost and under- (over-) recovery amounts for each accumulation period, and b) that there have been twenty-seven (27) 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 AP32 of approximately \$483<sup>15</sup>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 AP32 of approximately 13%.

### **Staff Recommendation**

As explained above, the Company entered into a Stipulation and Agreement in the last Eversource Missouri West general rate proceeding, ER-2022-0130, that reiterated and reinforced terms established with the approval of the Special Incremental Load tariff, Schedule SIL, in EO-2019-0244. Staff concludes that the 1st Revised Tariff Sheet No. 127.34 does not comply with the Commission's *Report and Order* in Case No. ER-2022-0130, Commission Rule 20 CSR 4240-20.090, Section 393.1400.5 RSMo, and Eversource Missouri West's FAC, as embodied in its tariff, because Eversource Missouri West's method of accounting for operational events is inconsistent with the statements and agreements made by the Company to isolate costs caused by Nucor from non-Nucor ratepayers in past cases.

Eversource Missouri West requested that the 1st Revised Tariff Sheet No. 127.34, Canceling Original Tariff Sheet No. 127.34, become effective September 1, 2023. The Company filed the tariff sheet with 60 days' notice. Although the Company's filing is timely, for the reasons discussed above, Staff recommends the Commission issue an order rejecting the proposed 1st Revised Sheet No. 127.34, and issue an order directing Eversource Missouri West to file a substitute tariff sheet that includes a \$48,018.52 reduction adjustment to purchased power expense, which is the result of Staff's interpretation of the Nucor adjustment from the stipulation and agreement in Case No. EO-2019-0244, accounting for additional purchased power costs caused by operational events as

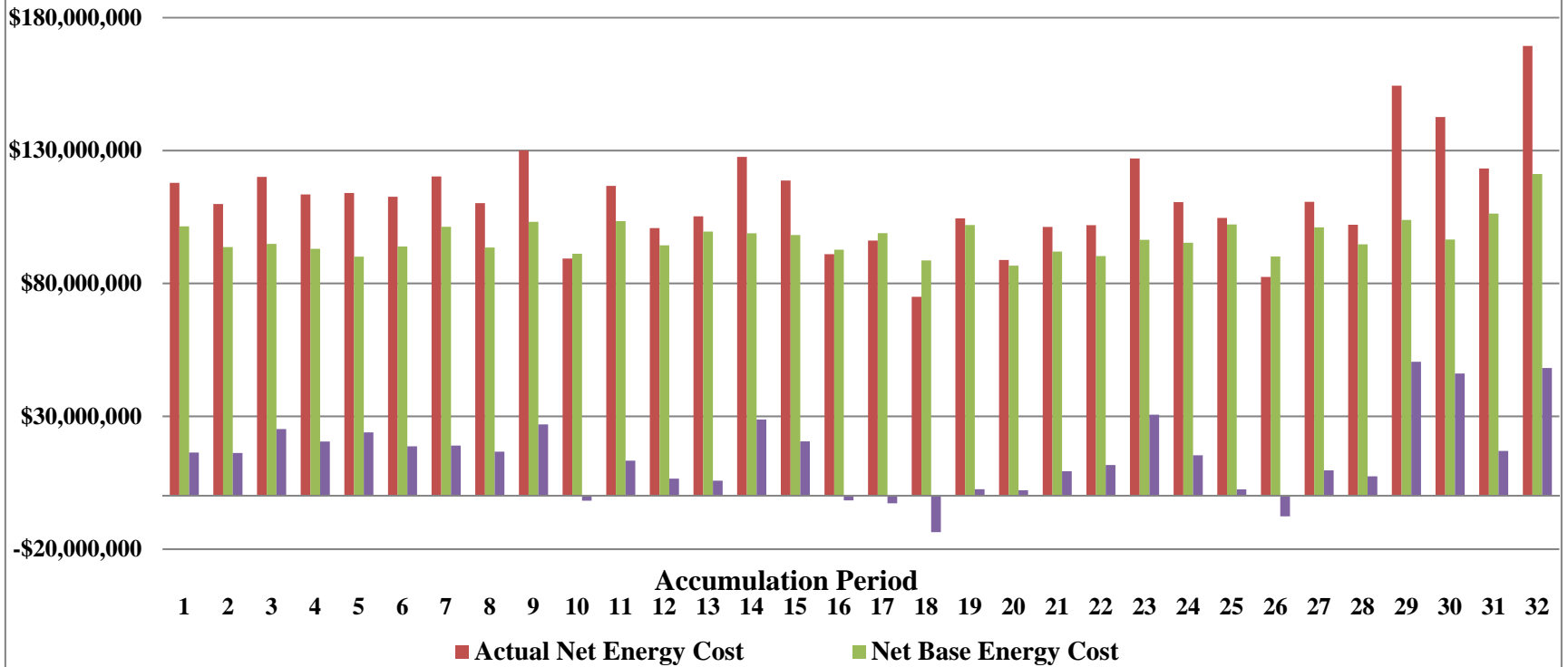
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<sup>15</sup> Staff manually included \$44,878,064 in the ANEC for AP32, because it was originally in the ANEC for AP31, but part of those costs were deferred to AP32. They were included in AP32 but under the true-up line instead of the ANEC.

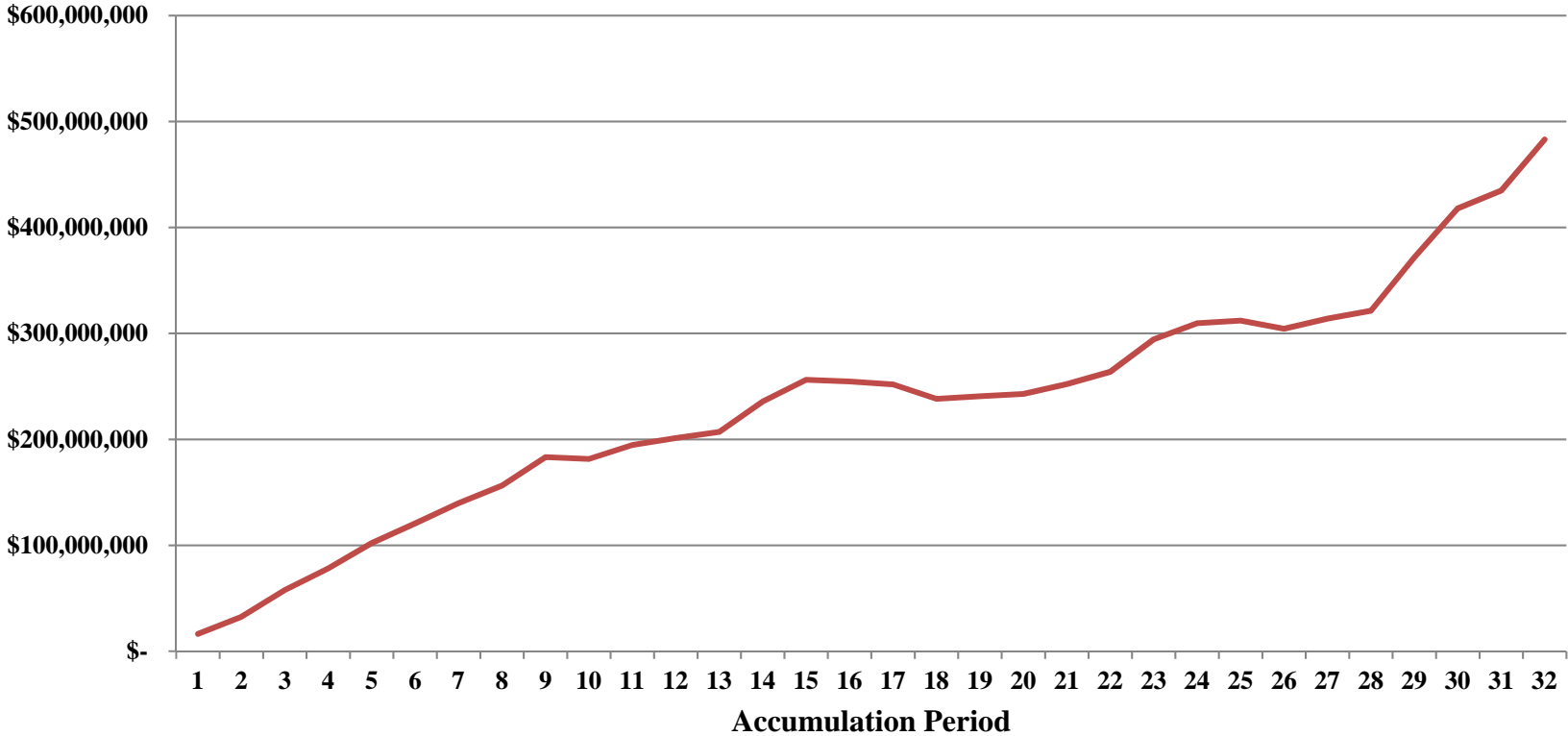
described in paragraph 7d of the Stipulation & Agreement. If the Commission chooses to reject the proposed tariff sheets and instead order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question, Staff wants to point out that the interim adjusted FAR in this filing to reflect any part of the proposed adjustment that is not in question would reduce the ANEC to \$124,394,491, resulting in the current period FAR on line 13 to be \$0.00590, and the rates on lines 16, 19, 22, and 25 would be reflected accordingly.

Staff has verified that Eversource Missouri West is not delinquent on any assessment and has filed its 2022 Annual Report. Eversource 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 Eversource Missouri West's RP29 true-up filing in File No. EO-2023-0445 (also filed on June 30, 2023), and the Non-Unanimous Stipulation and Agreement in File No. ER-2023-0210 pending Commission approval, 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 based solely on the accuracy of Eversource Missouri West's calculations, and is not indicative of the prudence of the fuel costs during AP32.

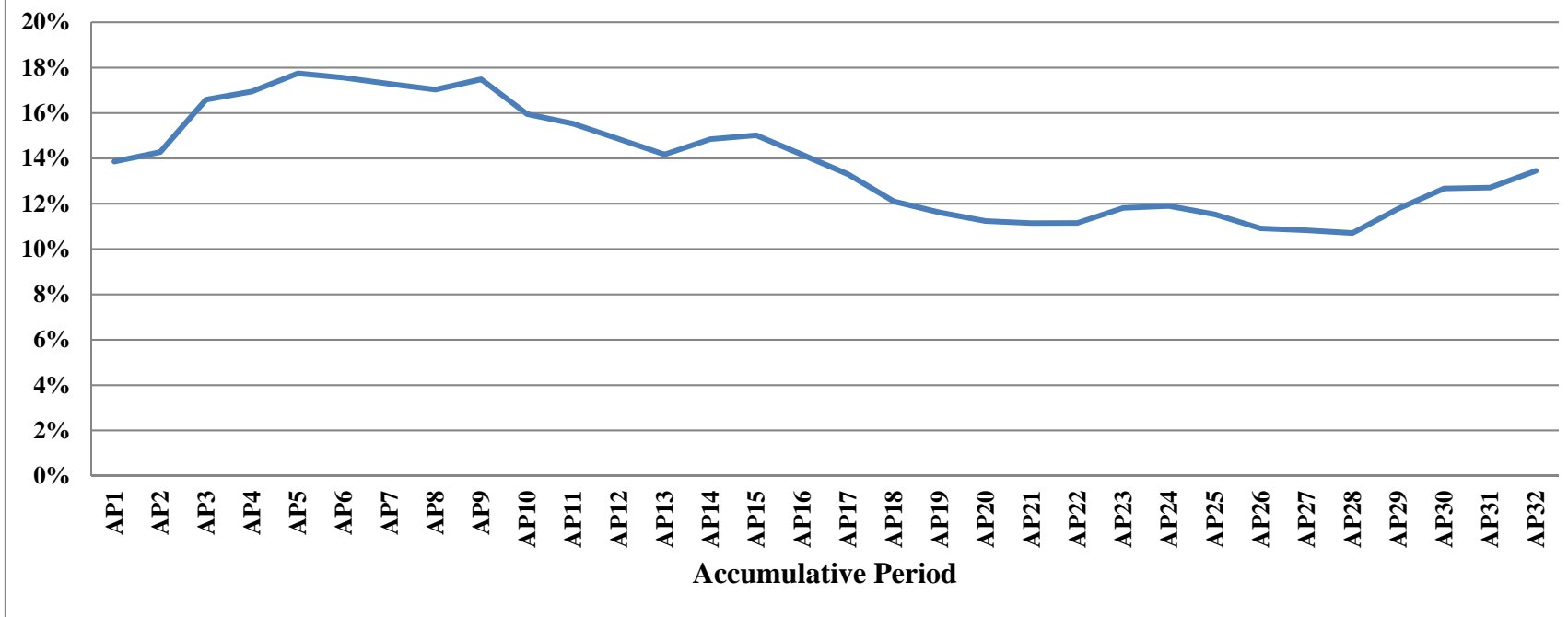
**Chart 1:  
Energy MO West FAC Costs**



**Chart 2:  
Evergy MO West FAC Cumulative Under-Recovered Amount**



**Chart 3: Evergy MO West FAC Cumulative Under-Recovered Percent**



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

In the Matter of the Application of Evergy            )  
Missouri West, Inc. d/b/a Evergy Missouri        )  
West for Authority to Implement Rate            )  
Adjustments Required by 20 CSR 4240-        )  
20.090(8) and the Company's Approved        )  
Fuel Purchased Power Cost Recovery            )  
Mechanism    )

File No. ER-2023-0444  
Tariff No. JE-2023-0229

**AFFIDAVIT OF BROOKE MASTROGIANNIS**

STATE OF MISSOURI    )  
                                  )    ss.  
COUNTY OF COLE     )

**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 31<sup>st</sup> day of July, 2023.

**D. SUZIE MANKIN**  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
Notary Public

# MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2023-0444, Tariff Tracking No. JE-2023-0229

FROM: Brooke Mastrogiannis, Utility Regulatory Audit Supervisor

DATE: /s/ Brooke Mastrogiannis 08-04-2023      /s/ Ron Irving 08-04-2023  
Energy Resources Department / Date      Staff Counsel Department / Date

SUBJECT: Revised Staff Recommendation for Rejection 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-2020-0130

DATE: August 4, 2023

## **Revised Staff Recommendation**

On July 31, 2023, Staff filed a Staff Memorandum to recommend the Commission reject Evergy Missouri West, Inc., d/b/a Evergy Missouri West ("Evergy Missouri West" or "EMW") proposed tariff sheet, P.S.C. Mo. No. 1 1st Revised Sheet No. 127.34, Canceling Original Sheet No. 127.34<sup>1</sup>, bearing a proposed effective date of September 1, 2023. Staff also recommended the Commission issue an order rejecting the proposed 1st Revised Sheet No. 127.34, and direct Evergy Missouri West to file a substitute tariff sheet that includes a \$48,018.52 reduction adjustment to purchased power expense. This is the result of Staff's interpretation of the Nucor adjustment from the stipulation and agreement in Case No. EO-2019-0244, accounting for additional purchased power costs caused by operational events as described in paragraph 7d of the Stipulation & Agreement. Under Commission Rule 20 CSR 4240-20.090(8)(H)3,<sup>2</sup> the Commission can reject the proposed tariff sheets, suspend the timeline of the Fuel Adjustment Rate (FAR) adjustment filing, set a prehearing date, and order the parties to propose a procedural

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<sup>1</sup> The currently effective tariff sheet is 9th Revised Sheet No. 127.23, as it is in effect until August 2023.

<sup>2</sup> Commission Rule 20 CSR 4240-20.090(8)(H)3. states:

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 tariff 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.

schedule. Staff then suggested the interim adjusted FAR in this filing to reflect any part of the proposed adjustment that is not in question would reduce the Actual Net Energy Costs (ANEC) to \$124,394,491, resulting in the current period FAR on line 13 to be \$0.00590, and the rates on lines 16, 19, 22, and 25 would be reflected accordingly. Subsequent to the original Staff Memorandum, it has come to Staff's attention that there was an error in the calculation, therefore Staff is filing this revised Memorandum to show the results of the corrected the error.

Staff had erroneously removed the suggested amount in dispute of \$48,019 from the fuel and purchased power adjustment line 11 of the tariff sheet, instead of removing it from line 1, the ANEC. This results in the table that was illustrated on page 3 of the Original Staff Memorandum to be incorrect. Instead, there should be no changes to EMW's proposed rates, and lines 13 through 25 of EMW's proposed 1st Revised Sheet No. 127.34 would remain the same. The proposed changes to FARs would result in a decrease to the typical Eversource Missouri West residential customer's monthly bill (based on 1,000 kWh) before taxes of \$.29, i.e. from \$8.85 to \$8.56.

### **Summary**

As explained above, Staff still recommends the Commission issue an order rejecting the proposed 1st Revised Sheet No. 127.34, and issue an order directing Eversource Missouri West to file a substitute tariff sheet that includes a \$48,018.52 reduction adjustment to purchased power expense, which is the result of Staff's interpretation of the Nucor adjustment from the stipulation and agreement in Case No. EO-2019-0244, accounting for additional purchased power costs caused by operational events as described in paragraph 7d of the Stipulation & Agreement. If the Commission chooses to reject the proposed tariff sheets and instead 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, Staff wants to point out that the interim adjusted FAR in this filing to reflect any part of the proposed adjustment that is not in question would reduce the ANEC to \$124,394,491, resulting in the current period FAR on line 13 to remain the same at \$0.00591, and the rates on lines 14 through 25 of EMW's proposed 1st Revised Sheet No. 127.34 would also remain the same.



