

Exhibit No.:
Issue: Demand Side Investment Mechanism
Rider
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2024-0184
Date Testimony Prepared: December 1, 2023

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0184

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

**Kansas City, Missouri
December 2023**

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2024-0184

1 **Q: Please state your name and business address.**

2 A: My name is Lisa A. Starkebaum. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy Metro, Inc. or the “Company” as Manager, Regulatory Affairs.

6 **Q: What are your responsibilities?**

7 A: My responsibilities include the coordination, preparation and review of financial
8 information and schedules associated with the Company’s compliance filings for Evergy
9 including: Evergy Kansas Central, Evergy Kansas Metro, Evergy Missouri Metro and
10 Evergy Missouri West.

11 **Q: Please describe your education.**

12 A: In 1994, I received a Bachelor of Science Degree in Finance from Northwest Missouri
13 State University in Maryville, Missouri.

14 **Q: Please provide your work experience.**

15 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department
16 assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila,
17 Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting group as an
18 Accountant, until joining Regulatory Accounting Services as a Regulatory Analyst in
19 1999. I was employed by Aquila for a total of 11 years prior to beginning my

1 employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by
2 Great Plains Energy Incorporated. Since that time, I have held various positions with
3 increasing responsibilities within Regulatory Accounting Services and Regulatory
4 Affairs. As a Lead Analyst in the Regulatory Affairs department, my main areas of
5 responsibility included the preparation of FERC and jurisdictional reporting, as well as
6 assisting with the preparation of rate cases and providing rate case support. In December
7 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing a team
8 dedicated to compliance reporting and was later promoted to Manager, Regulatory
9 Affairs effective June 2018. In my current position, I am responsible for overseeing
10 various reporting requirements to ensure Evergy is compliant with its jurisdictional rules
11 and regulations, in addition to the implementation of new reporting or commitments
12 resulting from various rate case orders and other regulatory filings. In addition, I oversee
13 the coordination, review and filing of various rider mechanisms.

14 **Q: Have you previously testified in a proceeding before the Missouri Public Service**
15 **Commission (“MPSC” or “Commission”) or before any other utility regulatory**
16 **agency?**

17 A: Yes, I have testified before the MPSC, the Kansas Corporation Commission (“KCC” or
18 “Commission”) and have provided written testimony before the Public Utilities
19 Commission of Colorado. I have sponsored testimony in Missouri related to various tariff
20 filings involving rider mechanisms utilized by the Company. In addition, I have worked
21 closely with both MPSC and KCC Staff on numerous filings and rate case matters.

1 **Q: What is the purpose of your testimony?**

2 A: The purpose of my testimony is to support the rate schedule filed by Evergy Missouri
3 Metro to adjust the Demand Side Investment Mechanism (“DSIM”) Rider. My testimony
4 will explain the change to the DSIM components based upon actual performance in the
5 six-month period ending October 2023, as well as forecasted performance through
6 December 2024 for Cycle 3 Program Costs (“PC”) and Cycle 3 Throughput Disincentive
7 (“TD”). The budget caps and floors for the 2024 projected PC amounts as agreed to in the
8 MEEIA Cycle 3 extension Non-Unanimous Stipulation and Agreement, Case No. EO-
9 2019-0132, which were approved by the Commission on November 16, 2023 are
10 included in this rider update. In addition, Earnings Opportunity (“EO”) for Cycle 2 for
11 the three program years beginning April 2016 through March 2019, the EO for the Cycle
12 2 extension program year April 2019 through December 2019 and the EO for Cycle 3
13 2020, 2021 and 2022 program years are included in this rider update. The proposed
14 change in rates will result in an increase to a residential customer’s rate from \$0.00196 to
15 \$0.00389 per kWh, or an increase of \$1.93 for every 1,000 kWh used. Please see the
16 table below for a comparison by rate schedule of proposed DSIM rates to currently
17 effective rates and the impact to a customer using 1,000 kWh.

Rate Schedule	Total Proposed DSIM (\$/kWh)	Total Current DSIM ER-2023-0410 (\$/kWh)	Change Increase/ (Decrease) (\$/kWh)	Incr/(Decr) to Customer Bill (for every 1,000 kWh's used) (\$)
Residential Service	\$0.00389	\$0.00196	\$0.00193	\$1.93
Non-Res Service – SGS	\$0.00205	\$0.00156	\$0.00049	\$0.49
Non-Res Service - MGS	\$0.00327	\$0.00184	\$0.00143	\$1.43
Non-Res Service – LGS	\$0.00274	\$0.00145	\$0.00129	\$1.29
Non-Res Service – LPS	\$0.00129	\$0.00042	\$0.00087	\$0.87

1 **Q: Please explain the projected costs .**

2 A: Evergy's MEEIA Cycle 3 Portfolio was originally approved in Case No. EO-2019-0132
3 for Program Years 1-3 beginning 2020 and has since been extended twice. On May 12,
4 2022, the Commission approved extending Cycle 3 through December 2023 (Program
5 Year 4) and on November 16, 2023, the Commission approved extending Cycle 3
6 through December 2024 (Program Year 5). The budget caps and floors for the 2024
7 projected PC amounts as agreed to in the MEEIA Cycle 3 extension Non-Unanimous
8 Stipulation and Agreement, Case No. EO-2019-0132, and approved by the Commission
9 on November 16, 2023 are included in this rider update.

10 **Q: What are the MEEIA rule requirements for adjustments of DSIM rates?**

11 A: The requirements for adjustment of DSIM rates are found in Commission rules 20 CSR
12 4240-20.093(4). In summary, the requirements outline that the update filing include
13 applicable DSIM rate tariff sheets, supporting testimony, and inclusion of the following:

- 14 A) Amount of revenue that was over-collected or under-collected through the most
15 recent recovery period by rate class.
- 16 B) Proposed positive or negative adjustments by rate class.
- 17 C) Electric utility's short-term borrowing rate.
- 18 D) Proposed adjustments to the current DSIM rates.
- 19 E) Complete documentation for the proposed adjustments to the current DSIM rates.
- 20 F) Any additional information the Commission ordered to be provided.
- 21 G) Annual report as required by 20 CSR 4240-20.093(9).

22 As part of my Direct Testimony, I have included the information required for update of
23 the DSIM rate in the attached Schedules LAS-1 and LAS-2. The 2022 Demand-Side

1 Program Annual Report for MEEIA Cycle 3, referenced in Item G above, was filed on
2 March 31, 2023, in Case No. EO-2023-0337.

3 **Q: Are you sponsoring this information?**

4 A: Yes, I am.

5 **Q: Please explain why Evergy Missouri Metro has filed an adjusted DSIM rate**
6 **schedule at this time?**

7 A: The Commission's rule governing DSIM filings and submission requirements for electric
8 utilities specifically 20 CSR 4240-20.093(4) requires Evergy Missouri Metro to make at
9 least annual adjustments of DSIM rates that reflect the amount of revenue that has been
10 over/under collected. Evergy Missouri Metro's DSIM tariff requires two semi-annual
11 rate adjustments to become effective February 1 and August 1 of each year. Based upon
12 actual and estimated performance during the six-month time period(s), DSIM rates may
13 be adjusted up or down.

14 **Q: Please describe the various DSIM rate components that make up the proposed**
15 **DSIM rate.**

16 A: As the MEEIA Cycle 3 DSIM tariff describes, the DSIM rate components consist of 1)
17 Program Costs ("PC"), Throughput Disincentive ("TD") and Earnings Opportunity
18 ("EO") for the MEEIA Cycle 3 Plan, as well as PC, TD and EO for the MEEIA Cycle 2
19 Plan; 2) Reconciliations, with interest, to true-up differences between revenues billed
20 under the DSIM rider and total actual monthly amounts for PC, TD, EO and any
21 remaining true-ups or unrecovered amounts for Cycle 2 and Cycle 3; and 3) any Ordered
22 Adjustments ("OA") for Cycle 2 and Cycle 3.

1 **Q: How did you develop the various DSIM rate components that make up the proposed**
2 **DSIM rate?**

3 A: As the DSIM tariff for MEEIA Cycle 3 describes, the DSIM rate components consist of
4 projected PC and TD for MEEIA Cycle 3 programs for November 2023 through
5 December 2024 as well as the reconciliation of actual and expected PC, TD, EO and OA
6 for Cycle 3 through October 2023. The MEEIA Cycle 3 costs included in this filing are
7 current forecasted levels of program participation and related costs. Also included for
8 recovery in the calculation of the DSIM rates are the reconciliation of actual and
9 expected PC, TD, EO and OA for Cycle 2 through October 2023.

10 **Q: Please describe the amount of EO that has been included in this filing.**

11 A: Consistent with the current DSIM rates effective August 1, 2023, the EO included in this
12 filing is based on verified MWh and MW savings for the three program years of Cycle 2
13 beginning April 2016 through March 2019, including EO TD adjustments, and for the
14 Cycle 2 extension year April 2019 through December 2019, including EO TD
15 adjustments, which has been calculated in accordance with Tariff Sheet Nos. 49M and
16 49P. The MEEIA Cycle 2 tariff provides for the recovery of the EO over 24 months.
17 The Company took the total adjusted EO and divided that amount by the four semi-
18 annual rate update periods and has included an EO amount for the current Effective
19 Period (“EP”), or six-months beginning January 2024, plus the succeeding EP as
20 described on tariff Sheet No. 49S. An EO amount totaling (\$43,934) for Cycle 2
21 representing EO TD adjustments has been included in the calculation of the DSIM rate in
22 this filing. In addition, the EO included in this filing is based on verified MWh and MW
23 savings for the 2020, 2021 and 2022 program years of Cycle 3, including EO TD

1 adjustments, which has been calculated in accordance with Tariff Sheet Nos. 49X and
2 49Z. The MEEIA Cycle 3 tariff provides for the recovery of the EO over 12 months.
3 The Company took the total adjusted EO and divided that amount by the 12 months and
4 has included an EO amount for the current Effective Period (“EP”), or six-months
5 beginning January 2024, plus the succeeding EP as described on tariff Sheet No. 49S.
6 An EO amount totaling \$2,620,993 for Cycle 3 has been included in the calculation of
7 the DSIM rate in this filing. The sum of the PC, TD, EO and OA amounts are divided by
8 the projected billed retail kWh sales, excluding opt-out sales, by rate class for February
9 2024 through January 2025 to develop the proposed DSIM rates.

10 **Q: If the rate schedule filed by Evergy Missouri Metro is approved, what safeguards**
11 **exist to ensure that the revenues the Company bills to its customers do not exceed**
12 **actual DSM Program Costs, TD incurred, as well as the earnings opportunity or**
13 **performance incentive?**

14 **A:** Evergy Missouri Metro’s DSIM Rider mechanism and the Commission’s rules provide
15 two mechanisms to ensure that amounts billed to customers do not exceed Evergy
16 Missouri Metro’s actual, prudently incurred DSM Program Costs, TD and performance
17 incentive or EO. First, at the end of each recovery period, the Company is required to
18 true up amounts billed to customers through the DSIM Rider based upon Program Cost
19 and TD actually incurred during that six-month period. Per MEEIA rule 20 CSR 4240-
20 20.093(4), these adjustments will be supported by complete documentation and
21 workpapers that demonstrate the need for DSIM rate adjustment. All proposed
22 adjustments and supporting documentation are subject to review by MPSC Staff and all
23 MEEIA stakeholders. Second, per MEEIA rule 20 CSR 4240-20.093(11), Evergy

1 Missouri Metro’s DSIM is subject to periodic prudence reviews by MPSC Staff to ensure
2 that only prudently incurred Program Costs and TD are billed to customers. These two
3 mechanisms serve as checks to ensure that the Company’s customers pay only the
4 prudently incurred, actual Program Costs and TD resulting from implementation of
5 MEEIA DSM programs.

6 **Q: Has Evergy Missouri Metro made any adjustments to the DSIM calculation?**

7 A: No, there are no changes to the DSIM calculation in this filing. However, in Case No.
8 ER-2023-0183 the Company agreed as noted in the MEEIA Cycle 3 extension Non-
9 Unanimous Stipulation and Agreement, in Case No. EO-2019-0132 effective January
10 2023, to discontinue the Home Energy Report (“HER”) program. Projected PC amounts
11 for January 2023 and thereafter reflect this change.

12 **Q: Has Evergy Missouri Metro been subject to any prudence reviews by MPSC Staff?**

13 A: Yes, Evergy Missouri Metro has been through six prudence reviews.

14 **Q: Are there any issues impacting this filing as a result of the prudence reviews
15 conducted by MPSC Staff?**

16 A: No, there are no impacts to this filing. Most recently, in the sixth prudence review
17 covering the period of April 2021 to March 2023, Case No. EO-2023-0407, Staff
18 recommended a disallowance of \$6,549 in contractor expenses and \$70,680 in
19 membership fees for a total disallowance of \$77,230 plus interest. The Company disputes
20 these alleged disallowances and filed a Request for Hearing. On November 8, 2023, the
21 Commission ordered a prehearing conference for December 6, 2023.

22 In the previous fifth prudence review covering the period of January 2020 through
23 March 2021, Case No. EO-2021-0417, Staff recommended a disallowance of \$51,361 of

1 program costs including interest and \$1,771,159 of throughput disincentive related to the
2 Company's HER program. On July 21, 2022, the Commission approved the Stipulation
3 and Agreement filed on July 1, 2022 where the Company agreed to include in the
4 previous DSIM filing, Case No. ER-2023-0183 a credit of \$20,464 to return disallowed
5 program costs from the review period of January 2020 through March 2021 and a credit
6 of \$459,718 to resolve the alleged HER TD double-recovery issue.

7 **Q: What action is Evergy Missouri Metro requesting from the Commission with**
8 **respect to the rate schedule that the Company has filed?**

9 A: The Company requests the Commission approve the rate schedule to become effective
10 February 1, 2024.

11 **Q: Does that conclude your testimony?**

12 A: Yes, it does.