Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri West
Case No.:	ER-2024-0205
Date Testimony Prepared:	December 29, 2023

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0205

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

Kansas City, Missouri
December 2023

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy Missouri West for Authority to Implement Rate Adjustments Required by 20 CSR 4240-20.090(8) and the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism	)))))	Case No. ER-2024-0205

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Lisa A. Starkebaum, being first duly sworn on her oath, states:

1. My name is Lisa A. Starkebaum. I work in Kansas City, Missouri, and I am employed by Evergy as Manager, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy consisting of twelve (12) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Lisa A. Starkebaum
Lisa A. Starkebaum

Subscribed and sworn to before me this 29th day of December 2023.

Notary Public

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952

My Commission expires:

4/26/2025

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2024-0205

Q: Please state your name and business address.

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

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

A: I am employed by Evergy Metro, Inc. as Manager, Regulatory Affairs for Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("EMM"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("EMW"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a Evergy Kansas Central ("Evergy Kansas Central"). These are the operating utilities of Evergy, Inc.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of EMW ("Company").

Q: What are your responsibilities?

A: My responsibilities include the coordination, preparation and review of financial information and schedules associated with the compliance and rider mechanism tariff filings for the above-mentioned operating utilities of Evergy, Inc.

Q: Please describe your education.

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

Q: Please provide your work experience.

A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila, Inc. ("Aquila") where I worked in the Financial and Regulatory Reporting group as an Accountant, until joining Regulatory Accounting Services as a Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years prior to beginning my employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by Great Plains Energy Incorporated. Since that time, I have held various positions with increasing responsibilities within Regulatory Accounting Services and Regulatory Affairs. As a Lead Analyst in the Regulatory Affairs department, my main areas of responsibility included the preparation of FERC and jurisdictional reporting, and the preparation of rate cases and rate case support for both KCP&L and GMO. In December 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing a team dedicated to compliance reporting and was later promoted to Manager, Regulatory Affairs effective June 2018. In my current position, I am responsible for overseeing various reporting requirements to ensure Evergy is compliant with its jurisdictional rules and regulations, in addition to the implementation of new reporting or commitments resulting from various rate case orders and other regulatory filings. In addition, I oversee the coordination, review and filing of the various rider mechanisms.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("MPSC" or "Commission") or before any other utility regulatory agency?

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

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to support the Fuel Adjustment Clause ("FAC") that has been filed by Evergy Missouri West ("Company"). This FAC tariff filing consists of actual fuel and purchased power costs, net of off-system sales revenues incurred by the Company. My testimony supports the rate schedule filed to adjust rates for the adjusted FAC includable costs experienced during the six-month period of June 2023 through November 2023. This six-month period represents the 33rd accumulation period under Evergy Missouri West's FAC, which was originally approved by the Commission in Case No. ER-2007-0004 ("2007 Case") and modified in Case Nos. ER-2009-0090, ER-2010-0356 ("2010 Case"), ER-2012-0175 ("2012 Case"), ER-2016-0156 ("2016 Case"), ER-2018-0146 ("2018 Case") and ER-2022-0130 ("2022 Case"). The proposed FAC charge for residential customers is a charge of $0.01284 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $12.84. This represents an increase of $4.28 to an Evergy Missouri West residential customer's monthly bill compared to the current monthly FAC charge of $8.56.

Q: Please explain why Evergy Missouri West filed the FAC adjustment rate schedules at this time.

A: The Commission's rule governing fuel and purchased power cost recovery mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8)(A) – requires Evergy Missouri West to make periodic filings to allow the Commission to review the actual net FAC includable costs the Company has incurred and to allow rates to be adjusted, either up or down, to reflect those actual costs. The Commission's rule requires at least one such review and adjustment each year. Evergy Missouri West's approved FAC calls for two annual filings – one filing covering the six-month accumulation period running from June through November and another filing covering the accumulation period running from December through May. Any increases or decreases in rates in these filings are then included in the customers' bills over a subsequent 12-month recovery period.

For the 33rd accumulation period covering the period of June 2023 through November 2023, Evergy Missouri West's actual FAC includable costs exceeded the base energy costs included in base rates by approximately $2.9 million. In accordance with the Commission's rule and the Company's approved FAC, Evergy Missouri West has calculated the FAC tariff that provides for a change in rates to recover 95% of those cost changes, or approximately $2.7 million, plus interest. These amounts are before true-up or any other adjustments.

In addition, a true-up filing is being made concurrent with this filing covering the 30th accumulation period of December 2021 through May 2022 and its corresponding recovery period of September 2022 through August 2023. The proposed 30th accumulation period true-up amount results in an under-recovery of $7,860,978. However, also included in this true-up filing is a settlement amount related to Missouri West's 31st accumulation period, Case No. ER-2023-0210 of $40,157,565 which is discussed later in testimony. Therefore; the total 30th accumulation period true-up filing amounts to $48,018,543 (the 30th accumulation period under-recovery of $7,860,978 ,and the additional 31st accumulation period FPA of $40,157,565).

In summary, all of these amounts combined including interest amounting to $3.7 million result in a proposed 33rd accumulation period FPA of $54.5 million to be collected from customers. The tariff being submitted with this filing reflects recovery of these FAC-related costs in the fuel adjustment rate effective March 1, 2024.

Q: What are some of the drivers impacting this accumulation period?

A: Evergy Missouri West's Actual Net Energy Costs ("ANEC"), exceeds the base energy costs included in base rates by approximately $2.9 million. When compared to the prior 32nd accumulation period, the ANEC are $16.4 million higher in the 33rd accumulation. This is due to a $12.9 million, or 46%, increase in fuel costs, a $2.1 million, or 2%, increase in purchased power expense and a $1.2 million or 13% decrease in off-system sales revenue. The 33rd accumulation period of June 2023 through November 2023 typically has higher retail load requirements than the previous 32nd accumulation period of December 2022 through May 2023. In addition, summer weather was 6% warmer than normal by 73 cooling degree days resulting in a 7% increase in retail load demand over the 32nd accumulation period. This contributed to higher purchased power requirements and lower off-system sales revenue which were also impacted by lower natural gas prices. For June 2023 through November 2023, the published NYMEX natural gas contract settlement price averaged $2.63, which is 25% lower than the $3.52 averaged in 32nd accumulation period.

Q: Please explain the settlement mentioned above.

A: In Case No. ER-2023-0210, the Office of Public Counsel (OPC) objected to the Company's semi-annual rate update for the 31st accumulation period. OPC argued that $85.4 million of the $104.2 million proposed FPA by Evergy represented extraordinary costs that should be deferred for consideration in the Company's next general rate case. The Commission rejected the Company's proposed tariff revision and ordered the parties to make a filing regarding the amount "not in question" which resulted in a FPA of $18.8 million. The Commission approved this interim tariff with rates effective May 1, 2023.

On August 23, 2032, the Commission approved the Non-Unanimous Stipulation and Agreement filed on June 21, 2023, where Evergy Missouri West, MPSC Staff and OPC agreed to include the amount of the 31st accumulation period Fuel and Purchased Power Adjustment (FPA) disputed balance of $85,420,087 that did not exceed the 2% Large Power PISA cap. This resulted in an additional FPA of $45,262,522 included in the 32nd accumulation period. The remaining $40,157,565 of FPA is included for recovery in this 33rd accumulation period. Interest was calculated monthly at a rate equal to the weighted average interest paid on the Company's short-term debt in the 33rd accumulation period.

Q: Is there anything else worth noting for this semi-annual FAC filing that should be mentioned?

A: Yes, the Company did not perform the plant in service accounting ("PISA") calculations as the PISA caps for FAC filings are no longer effective January 1, 2024.[1]

Q: What was the impact or result of the event tracking procedure as it relates to this 33rd accumulation period?

A: The Company has performed the calculations of the load balancing event tracking for the months of May 2023 through October 2023 for this 33rd accumulation period of June through November 2023. The Company has performed the calculations using the same methodology as previously done in the 32nd accumulation period, with certain corrections made that were identified during discovery in the ER-2023-0444 case. The event tracking results in a decrease to non-Nucor customers; therefore, no entry is required to adjust the ANEC in this 33rd accumulation period. Please reference the workpapers that supplement this filing and provide the results of this analysis.

Q: How did you develop the various values used to derive the proposed FARs that are shown on Schedule LAS-1?

A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in conjunction with this testimony contains all the information as set in 20 CSR 4240-20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting a copy of the workpapers that support the determination of the current FAR.

Q: Please describe the impact of the change in costs and how it will affect a typical customer.

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[1] 393.1655(1) RSMo.

A: The proposed current period FARs for Evergy Missouri West customers by voltage level is shown below:

Proposed Current Period FARs	
Voltage	
Secondary	$0.00648
Primary	$0.00632
Substation	$0.00625
Transmission	$0.00620

This is the difference between base FAC includable costs and the actual costs incurred by the Company including interest and any adjustments during the 33rd accumulation period of June 2023 through November 2023 and will be included in billed FAC rates over the recovery period running from March 2024 through August 2024.

The proposed FAR was calculated in the manner specified in the Company's FAC tariff. Attached to my testimony, as Schedule LAS-1, is a copy of the tariff sheet with the current FAR, the prior period FAR and the total FAR that will be billed to customers over the recovery period. The FAR calculated for the 31st accumulation period has been removed as its recovery period will cease in February 2024. The FAR for the 32nd accumulation period is added to the FAR for the current 33rd accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR's for Evergy Missouri West customers are shown in the table below:

		ER-2023-0444	
	33rd AP	32nd AP	
Voltage	**Proposed 2nd Revised Sheet No. 127.34**	**Current 1st Revised Sheet No. 127.34**	**Impact**
Secondary	$0.01284	$0.00856	$0.00428
Primary	$0.01253	$0.00838	$0.00415
Substation	$0.01239	$0.00828	$0.00411
Transmission	$0.01229	$0.00822	$0.00407

These proposed rates will be billed to customers from March 2024 through August 2024. As stated earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC charge of $12.84, an increase of $4.28 to an Evergy Missouri West residential customer's monthly bill compared to the current monthly FAC charge of $8.56.

Q: If the rate schedules filed by Evergy Missouri West are approved or allowed to go into effect, what safeguards exist to ensure that the revenues the Company bills to its customers do not exceed the fuel and purchased power costs that Evergy Missouri West actually incurred during the Accumulation Period?

A: Evergy Missouri West's FAC and the Commission's rules provide two mechanisms to ensure that amounts billed to customers do not exceed the Company's actual, prudently incurred fuel and purchased power costs. First, at the end of each recovery period the Company is required to true up the amounts billed to customers through the FAR with the excess fuel and purchased power costs that were actually incurred during the accumulation period to which the FAR applies. Second, the Company's fuel and purchased power costs are subject to periodic prudence reviews to ensure that only prudently incurred fuel and purchased power costs are billed to customers through Evergy Missouri West's FAC. These two mechanisms serve as checks to ensure that the Company's customers pay only the prudently incurred, actual costs of fuel and purchased power used to provide electric service.

Q: Have each of these mechanisms been in effect throughout the FAC process since its inception in the 2007 Case?

A: Yes, Evergy Missouri West is currently in its eleventh prudence review, Case No. EO-2023-0277, for the review period of June 2021 through November 2022. In their Prudence Review Report filed on August 30, 2023, MPSC Staff alleges that it "found evidence of imprudence by Evergy Missouri West when it chose to do nothing about the substantial ratepayer harm caused by the PPAs (Purchase Power Agreements) it chose to sign into approximately ten years ago." Staff is recommending that the Commission order a disallowance of $13,989,508 plus interest. Staff also alleges it found evidence of imprudence regarding Southwest Power Pool ("SPP") administrative fees of $2,076 that were included in the FAC for recovery. The Company is disputing these claims. A procedural schedule has been established with an evidentiary hearing set for February 5, 2024.

On September 14, 2022, in the Company's tenth prudence review, Case No. EO-2022-0065, the Commission approved the Non-Unanimous Stipulation and Agreement filed on July 25, 2022 where the Company agreed, with no admission of imprudence, to a one-time FAC adjustment for 2017 vintage expired RECs. The Company refunded $48,796 plus interest of $1,968 in the 31st accumulation period filing, Case No. ER-2023-0210.

On May 4, 2022, in the Company's ninth prudence review, Case No. EO-2020-0262, the Commission issued its Report and Order finding Evergy was imprudent by not utilizing demand response programs to reduce energy costs for its customers during the review period of June 2018 through November 2019. Therefore, the Company refunded the amount of $160,892 plus interest of $10,613 in the 30th accumulation period filing, Case No. ER-2023-0011. Also in the ninth prudence review, on January 20, 2021 an Ordered Adjustment for Sibley retirement costs was stipulated by parties amounting to $1,039,646, or $984,898 Missouri jurisdictional with 95% sharing applied. Based on the agreement by parties, rather than recovering this amount through the FAC, the Company recorded the $1,039,646 in retirement costs to the Sibley AAO account for consideration in the 2022 general rate case, Case No. ER-2022-0130, and refunded the amount of $984,898 plus interest of $53,550 in the 28th accumulation period FAR filing, Case No. ER-2022-0005.

In all previous prudence reviews, the MPSC Staff indicated in each of their reports that there were no areas of imprudence identified within the audits with the exception of Staff's recommendation in the Company's third prudence review which was taken before the Commission. However, following the Commission's review, the Commission issued its order stating no indication of imprudence by the Company.

In addition, the Company has made 29 true-up filings, all of which were approved by the MPSC. The 30th true-up filing is being made concurrent with this filing covering the 30th accumulation period of December 2021 through May 2022 and its corresponding recovery period of September 2022 through August 2023. The Company's calculation of the proposed true-up resulting in an under-recovery for Evergy Missouri West has been included in the calculation of the current proposed tariff change.

Q: What action is Evergy Missouri West requesting from the Commission with respect to the rate schedules that the Company has filed?

A: The Company requests the Commission approve the rate schedule to be effective as of March 1, 2024.

Q: Does this conclude your testimony?

A: Yes, it does.

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
(Applicable to Service Provided January 9, 2023 and Thereafter)
Effective for the Billing Months of March 2024 through August 2024

Accumulation Period Ending: **November 2023**			
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$140,873,518
2	Net Base Energy Cost (B)	-	$137,973,113
	2.1 Base Factor (BF)		$0.02983
	2.2 Accumulation Period NSI (S_{AP})		4,625,313,866
3	(ANEC-B)		$2,900,405
4	Jurisdictional Factor (J)	x	99.7431%
5	(ANEC-B)*J		$2,892,954
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		$2,748,306
8	True-Up Amount (T)	+	$48,018,543
9	Interest (I)	+	$3,709,915
10	Prudence Adjustment Amount (P)	+	$0
11	Fuel and Purchased Power Adjustment (FPA)	=	$54,476,764
	11.1 PISA Deferral (Sec. 393.1400)		
	11.2 FPA Subject to Recover in True-Up		$54,476,764
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	9,054,579,113
13	**Current Period Fuel Adjustment Rate (FAR)**	**=**	**$0.00602**
14	Current Period FAR_{Sec} = FAR x VAF_{Sec}		$0.00648
15	Prior Period FAR_{Sec}	+	$0.00636
16	Current Annual FAR_{Sec}	=	$0.01284
17	Current Period FAR_{Prim} = FAR x VAF_{Prim}		$0.00632
18	Prior Period FAR_{Prim}	+	$0.00621
19	Current Annual FAR_{Prim}	=	$0.01253
20	Current Period FAR_{Sub} = FAR x VAF_{Sub}		$0.00625
21	Prior Period FAR_{Sub}	+	$0.00614
22	Current Annual FAR_{Sub}	=	$0.01239
23	Current Period FAR_{Trans} = FAR x VAF_{Trans}		$0.00620
24	Prior Period FAR_{Trans}	+	$0.00609
25	Current Annual FAR_{Trans}	=	$0.01229
26	VAF_{Sec} = 1.0766		
27	VAF_{Prim} = 1.0503		
28	VAF_{Sub} = 1.0388		
29	VAF_{Trans} = 1.0300		