

**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 Containing its Semi-Annual Fuel)
Adjustment Clause True-Up)

File No. EO-2024-0204

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 and Purchased Power Cost)
Recovery Mechanism)

File No. ER-2024-0205
Tracking No. JE-2024-0096

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its Staff Recommendation states as follows:

1. On December 29, 2023, the Commission issued its *Order Directing Notice and Setting Deadlines for Intervention Applications and Staff’s Recommendation* in both Case No. EO-2024-0204 and ER-2024-0205. The *Order* stated that no later than January 29, 2024, Staff shall file recommendations regarding its analysis of Evergy Missouri West’s application and proposed tariff sheet.

2. On December 29, 2023, In Case No. ER-2024-0205, Evergy Missouri West filed a proposed revised tariff sheet, 2nd Revised Sheet No. 127.34, canceling 1st Revised Sheet No. 127.34, with revised fuel adjustment rates (lines 16, 19, 22, and 25 on 2nd Revised Sheet No. 127.34) of its Fuel Adjustment Clause (“FAC”), and bearing an effective date of March 1, 2024.

3. Also on December 29, 2023, in Case No. EO-2024-0204, Evergy Missouri West initiated a rate adjustment mechanism (“RAM”) true-up, to be included in the proposed revised fuel adjustment rate (“FAR”) laid out in ER-2024-0205. According to Evergy Missouri

West's true-up filing for Recovery Period 30 ("RP30") for billing months (September 1, 2022, through August 30, 2023), Evergy Missouri West under-collected from its customers \$7,860,978 following its Accumulation Period ("AP30") (December 1, 2021, through May 31, 2022). Additionally, included in this true-up filing is a Fuel and Purchased Power Adjustment ("FPA") balance remaining from AP31 in the amount of \$40,157,565¹.

4. Subsequently, Evergy Missouri West filed a substitute tariff sheet on January 22, 2024, and submitted to Staff workpapers in support of the substitute tariff sheet. In Evergy Missouri West's substitute filing letter, it explained the Company is making the substitute tariff filing to include in AP33 a corrected amount from AP32 resulting from a change in methodology agreed to by the parties and approved by the Commission on January 18, 2024.² The difference between the original AP32 amount and the corrected amount (including interest) under the changed methodology results in an amount of \$13,500.40³ to be recovered in AP33. As such, the true-up amount on line 8 is the sum of \$7,860,978 under-recovery during RP30, \$40,157,565 from AP31 adjustment/correction, and \$12,614.95 from AP32 adjustment/correction, for a total of \$48,031,158 under-recovery.

5. The FPA amount in File No. ER-2024-0205 is \$54,490,264. This represents the total requested increase in the amount sought to be collected in customer FAC charges over the applicable recovery period. The FPA amount includes the difference between the Actual Net Energy Costs ("ANEC") and the Net Base Energy Cost ("B") the Company experienced during the 33rd Accumulation Period, including application of the Commission

¹ *Non-Unanimous Stipulation Agreement* from Case No. ER-2023-0210 filed on June 21, 2023, includes a disputed balance of \$85,420,087 to be partially included for recovery in AP32 (\$45,262,522) and AP33 (\$40,157,565).

² *Stipulation and Agreement* from Case No. ER-2023-0444 filed on January 5, 2024

³ The substitute tariff (JE-2024-0096) filed on January 22, 2024, in Case No. ER-2024-0205 includes an agreed upon amount of \$13,339.68. After applying the Missouri jurisdictional allocator and 95% sharing from AP32 the amount decreased to \$12,614.93. Including interest of \$885.47 results in a total adjustment of \$13,500.40.

approved 95 percent sharing mechanism, plus the amount from the true-up for the 30th Recovery Period in File No. EO-2024-0204, and applicable interest. The proposed changes to FARs will result in an increase to the typical Evergy Missouri West residential customer's monthly bill (based on 1,000 kWh), before taxes, from \$8.56 to \$12.84, for an increase of \$4.28.

6. Based on its examination and analysis of the information Evergy Missouri West filed and submitted in these cases, Staff recommends the Commission issue an order approving Evergy Missouri West's true-up filing for RP30 and the proposed 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024, canceling 1st Revised Sheet No. 127.34, to become effective on March 1, 2024, subject to both true-up and prudence reviews.

7. Further explanation of this recommendation is provided in the memos attached to this pleading.

WHEREFORE, Staff submits this recommendation for the Commission's information and consideration.

Respectfully submitted,

/s/ Tracy D. Johnson

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record on this 29th day of January, 2024.

/s/ Tracy D. Johnson

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2024-0205, Tariff Tracking No. JE-2024-0096

FROM: Brooke Mastrogiannis, Utility Regulatory Audit Supervisor

DATE: /s/ Brooke Mastrogiannis 01-29-2024
Energy Resources Department / Date

SUBJECT: Staff Recommendation for Approval 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-2022-0130

DATE: January 29, 2024

Staff Recommendation

On December 29, 2023, Evergy Missouri West, Inc., d/b/a Evergy Missouri West ("Evergy Missouri West") filed one (1) tariff sheet, P.S.C. Mo. No. 1 2nd Revised Sheet No. 127.34, Canceling 1st Revised Sheet No. 127.34, bearing a proposed effective date of March 1, 2024. This tariff is to revise Evergy Missouri West's current annual Fuel Adjustment Rates ("FARs") (lines 16, 19, 22, and 25 on 2nd Revised Sheet No. 127.34) of its Fuel Adjustment Clause ("FAC"). Evergy Missouri West also filed the direct testimony of Lisa A. Starkebaum on December 29, 2023, and submitted to Staff work papers in support of the direct testimony and filed tariff sheet. Subsequently, on January 22, 2024, Evergy Missouri West filed a substitute tariff sheet, as a result of the Commission's *Order Approving Stipulation and Agreement* filed on January 18, 2024 in ER-2023-0444. This substitute tariff reflected \$13,339.68 plus interest from Accumulation Period 32 for recovery in Accumulation Period 33, further details are discussed below. Additionally, this substitute tariff did not change the overall rate that was originally filed with Evergy Missouri West's 2nd Revised Sheet No. 127.34 on December 29, 2023.

Staff notes that in the second to last 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 this Agreement, The Company, Staff, and OPC agreed to include an amount of the 31st accumulation period disputed balance of \$85,420,087 that does not exceed the 2% Large Power PISA cap. This results in an additional \$45,262,522 of FPA that can be included in the 32nd accumulation period. The remaining \$40,157,565 of FPA will be included for recovery in the

33rd accumulation period with interest included. The Commission approved the Agreement on August 23, 2023, therefore Staff supports the inclusion of a portion of AP31 in this AP33 filing. Staff recommends the Commission issue an order approving the 2nd Revised Sheet No. 127.34, canceling 1st Revised Sheet No. 127.34 of the FAC for Evergy Missouri West, to become effective on March 1, 2024.

Additionally Staff notes that in the last FAR filing for AP32 in Case No. ER-2023-0444, there was a *Stipulation and Agreement* (“Second Agreement”) filed on January 5, 2024. Then on January 18, 2024 the Commission approved the Second Agreement. Within this Second Agreement, the Company and Staff agreed to settle the Nucor methodology that Staff raised concerns with. This Second Agreement resulted in a calculation that will begin with hour 1 for any event where Nucor load experiences a 25% deviation from the expected Nucor load for more than 4 hours, and the event tracking of qualified events will include the net of both positive and negative impacts for all identified qualified events in each month. Additionally, one general ledger entry will be made in the last month of each 6-month Accumulation Period, and this entry will only be made if the net result of the event tracking is an increase to non-Nucor customers during the 6-month Accumulation period, to decrease the FAR’s ANEC and reduce costs to non-Nucor customers. Then after the conclusion of an Accumulation Period, the amount for the event tracking will be reset to zero.

As a result of the Second Agreement, on January 8, 2024, Evergy Missouri West refiled its Section 8 workpapers which have been updated to comply with the agreed upon methodology of the event tracking as detailed in the Second Agreement. The event tracking for the 33rd accumulation period results in a decrease to non-Nucor customers; therefore, no entry is required to adjust the Actual Net Energy Costs in this 33rd accumulation period filing. Staff supports the Second Agreement and the Nucor methodology and refiled workpapers with this 33rd accumulation period as well. It should be noted that this is an update to the supporting workpapers only and that the changes do not impact or change the amounts or rates as calculated and filed on December 29, 2023. Additionally as a result of the Commission’s approval of the Second Agreement, Evergy Missouri West filed a substitute tariff sheet on January 22, 2024, which reflected \$13,339.68 or \$12,614.93 after applying the Missouri jurisdictional allocator and 95% sharing from Accumulation Period 32 for recovery in Accumulation Period 33. This adjustment is included on the true-up line of the tariff because it related

to a prior accumulation period. Interest of \$885.47 has been computed on this amount for a total adjustment of \$13,500.40. The interest amount is included on the interest line of the tariff. After making this correction, there is no change or impact to the FAR filed on December 29, 2023.

Accumulation Period 33 FARs

The testimony and work papers include information supporting Evergy Missouri West's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of \$54,490,264 line 11¹ of 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024, for AP33 (June 1, 2023 through November 30, 2023) reflecting the sum of:

1. The amount of \$2,748,306 on line 7 of 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024, which is equal to 95% of the difference between: a) Evergy Missouri West's Missouri jurisdiction² 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) Evergy Missouri West's Missouri jurisdiction Net Base Energy Cost;
2. The true-up amount³ reflected on line 8 of 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024, of \$48,031,158; and,
3. The interest amount reflected on line 9 of 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024, of \$3,710,800.

The proposed Current Period Evergy Missouri West FAR of \$.00602 per kWh (line 13 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024) is equal to Evergy Missouri West's FPA amount of \$54,476,764 divided by the estimated Recovery Period 33 ("RP33")⁴ Retail Net

¹ 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.

² See line 4 of 2nd Revised Sheet No. 127.34 and definition of J on Original Sheet No. 127.31.

³ The true-up amount was requested by Evergy Missouri West in its December 29, 2023 filing in Case No. EO-2024-0204. The True-Up amount includes a Non-Unanimous Stipulation and Agreement amount of \$40,157,565, from Case No. ER-2023-0210.

⁴ RP33 includes March 1, 2024 through February 28, 2025.

System Input (“RNSI”) at the generator level⁵ (“SRP”) of 9,054,579,113 kWh (line 12 of 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024).

Because of differences in line losses for secondary, primary, substation, and transmission voltage service levels,⁶ 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 AP33 are set out in its tariff sheets: Original Sheet No. 127.24 through Original Sheet No. 127.33.

Listed below are Evergy Missouri West’s proposed Current Annual FARs on 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024, and the Evergy Missouri West Current Annual FARs on 1st Revised Sheet No. 127.34 together with the changes between them for primary, secondary, substation, and transmission voltage service levels.

Evergy Missouri West Current Annual Fuel Adjustment Rate \$ per kWh			
Service	Proposed 2nd Revised Sheet No. 127.34	Now Effective 1st Revised Sheet No. 127.34	Difference
Secondary	\$0.01284	\$0.00856	\$0.00428 Increase
Primary	\$0.01253	\$0.00838	\$0.00415 Increase
Substation	\$0.01239	\$0.00828	\$0.00411 Increase
Transmission	\$0.01229	\$0.00822	\$0.00407 Increase

The proposed changes to FARs will result in an increase to the typical Evergy Missouri West residential customer’s monthly bill (based on 1,000 kWh) before taxes of \$4.28, i.e. from \$8.56 to \$12.84.

⁵ See definition of SRP on Original Sheet No. 127.32.

⁶ 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 2nd Revised Sheet No. 127.34.

In her direct testimony Ms. Starkebaum states:

Eversource 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.⁷

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

In her direct testimony Ms. Starkebaum states:

The Company did not perform the plant in service account ("PISA") calculations as the PISA caps for the FAC filings are no longer effective January 1, 2024^{8,9}

Staff Review

Staff reviewed Eversource Missouri West's proposed 2nd Revised Sheet No. 127.34, as substituted on January 22, 2024, Canceling 1st Revised Sheet No. 127.34, the direct testimony of Eversource Missouri West witness Lisa A. Starkebaum and the work papers in this filing, in addition to Eversource Missouri West's monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP33. Staff verified that the actual fuel and purchased power costs, less off-system sales revenues, match the fuel and purchased power costs, less off-system sales revenues, in Eversource Missouri West's proposed 2nd Revised Tariff Sheet No. 127.34, as substituted on January 22, 2024.

⁷ Eversource Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 5, ln. 12 through pg. 6, ln. 3

⁸ 393.1655(1) RSMo.

⁹ Eversource Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 7, ll. 1 through 3.

Staff reviewed Eversource Missouri West's monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under-/over- recovery of base fuel and purchased power costs for AP33 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

The information filed with the proposed tariff sheet and work papers includes sufficient data to calculate Eversource Missouri West's FARs based on the actual fuel, purchased power, emission allowance and transmission costs net of off-system sales revenue and renewable energy credit revenue provided by Eversource Missouri West for AP33.

Staff Recommendation

Staff concludes that the tariff sheet complies 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.

Eversource Missouri West requested that the 2nd Revised Tariff Sheet No. 127.34, as substituted on January 22, 2024, Canceling 1st Revised Tariff Sheet No. 127.34, become effective on March 1, 2024. Based on its examination and analysis of the information Eversource Missouri West filed and submitted in this case, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet take effect on March 1, 2024:

P.S.C. Mo. No. 1
2nd Revised Sheet No. 127.34, as substituted on January 22, 2024, Canceling
1st Revised Sheet No. 127.34

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 RP30 true-up filing in Case No. EO-2024-0204 (also filed on December 29, 2023), 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 AP33.

