

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2024-0221
Date Testimony Prepared: January 31, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0221

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
January 2024**

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

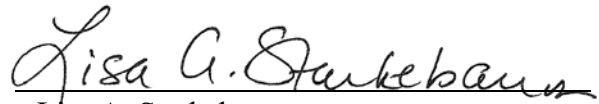
In the Matter of Evergy Metro, Inc. for)
Authority to Implement Rate Adjustments)
Required by 20 CSR 4240-20.090(8) and)
the Company's Approved Fuel and Purchased)
Power Cost Recovery Mechanism) Case No. ER-2023-0221

AFFIDAVIT OF LISA A. STARKEBAUM

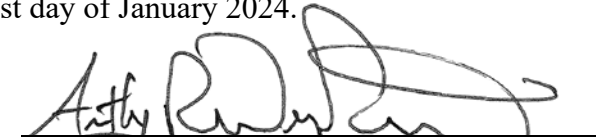
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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, Inc. as Manager, Regulatory Affairs.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro, consisting of ten (10) 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

Subscribed and sworn to before me this 31st day of January 2024.


Notary Public

My Commission expires:

4/26/2025



DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2024-0221

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

2 A: My name is Lisa A. Starkebaum. My business address is 1200 Main, 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., as Manager, Regulatory Affairs for Evergy
6 Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”), Evergy Missouri West, Inc. d/b/a
7 Evergy Missouri West (“EMW”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro
8 (“Evergy Kansas Metro”), and Evergy Kansas Central, Inc. and Evergy Kansas South,
9 Inc., collectively d/b/a Evergy Kansas Central (“Evergy Kansas Central”). These are
10 the operating utilities of Evergy, Inc.

11 **Q: On whose behalf are you testifying?**

12 A: I am testifying on behalf of EMM.

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

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

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

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

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

2 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department
3 assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila,
4 Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting group as an
5 Accountant, until joining Regulatory Accounting Services as a Regulatory Analyst in
6 1999. I was employed by Aquila for a total of 11 years prior to beginning my
7 employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by
8 Great Plains Energy Incorporated. Since that time, I have held various positions with
9 increasing responsibilities within Regulatory Accounting Services and Regulatory
10 Affairs. As a Lead Analyst in the Regulatory Affairs department, my main areas of
11 responsibility included the preparation of FERC and jurisdictional reporting, and the
12 preparation of rate cases and rate case support for both KCP&L and GMO. In December
13 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing a team
14 dedicated to compliance reporting and was later promoted to Manager, Regulatory
15 Affairs effective June 2018. In my current position, I am responsible for overseeing
16 various reporting requirements to ensure Evergy is compliant with its jurisdictional rules
17 and regulations, in addition to the implementation of new reporting or commitments
18 resulting from various rate case orders and other regulatory filings. In addition, I
19 oversee the coordination, review and filing of the various rider mechanisms.

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

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

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

7 A: The purpose of my testimony is to support the Fuel Adjustment Clause (“FAC”) that
8 has been filed by Evergy Missouri Metro (“Company”). This FAC tariff filing consists
9 of a Fuel Adjustment Rate (“FAR”) calculated using actual fuel and purchased power
10 costs, net of off-system sales revenues incurred by the Company. My testimony supports
11 the rate schedule filed to adjust rates for the FAC includable costs experienced during
12 the six-month period of July through December 2023. This six-month period represents
13 the 17th accumulation period under Evergy Missouri Metro’s FAC, which was
14 originally approved by the Commission in Case No. ER-2014-0370 (“2014 Case”) and
15 modified in Case Nos. ER-2016-0285 (“2016 Case”), ER-2018-0145 (“2018 Case”) and
16 ER-2022-0129 (“2022 Case”). The proposed FAC charge for Missouri residential
17 customers is a charge of \$0.00015 per kWh. Based on usage of 1,000 kWh per month,
18 the customer will see a monthly charge of \$0.15. This represents a decrease of \$1.11 to
19 an Evergy Missouri Metro residential customer’s monthly bill compared to the current
20 monthly FAC charge of \$1.26.

21 **Q: Please explain why Evergy Missouri Metro filed the FAC adjustment rate**
22 **schedules at this time.**

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

12 For the 17th accumulation period covering the period of July through December
13 2023, Evergy Missouri Metro’s actual FAC includable costs were lower than the base
14 energy costs included in base rates by approximately \$1.7 million. In accordance with
15 the Commission’s rule and the Company’s approved FAC, Evergy Missouri Metro has
16 calculated the FAC tariff that provides for a change in rates to return 95% of those cost
17 changes, or approximately \$1.6 million to be returned to customers. This amount is
18 before true-up, interest or any other adjustments.

19 In addition, a true-up filing is being made concurrent with this filing covering
20 the 14th accumulation period of January through June 2022 and its corresponding
21 recovery period of October 2022 through September 2023. The proposed 14th recovery
22 period results in a true-up amount of \$42,893 remaining to be collected from customers.

1 In summary, these amounts combined with interest of \$189,248 result in a
2 proposed Fuel and Purchased Power Adjustment (“FPA”) of approximately \$1.4 million
3 to be returned to customers.

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

5 A: Evergy Missouri Metro’s Actual Net Energy Costs (“ANEC”) is lower than the base
6 energy costs included in base rates by approximately \$1.7 million primarily due to an
7 increase in base costs driven by higher summer load at the Company’s base factor.
8 However, when compared to the prior 16th accumulation period, the ANEC is \$3.9
9 million higher in the 17th accumulation period. This is due to a \$24.8 million, or 22%,
10 increase in fuel expense due in part to 8% higher summer load requirements. The 17th
11 accumulation period of July through December 2023 typically has higher retail load
12 requirements than the previous 16th accumulation period of January through June 2023.
13 Increased fuel expense was offset by a \$12.8 million, or 11% decrease in purchased
14 power expense which align with continued lower natural gas prices. For January
15 through June 2023, the published NYMEX natural gas contract settlement price
16 averaged \$2.76 and for July through December 2023 the NYMEX natural gas contract
17 settlement price averaged \$2.71. Lastly, Evergy Metro had a 25% increase in available
18 generation which contributed to a 10% increase in off-system sales revenue.

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

21 A: Yes, the Company did not perform the plant in service accounting (“PISA”) calculations
22 as the PISA caps for FAC filings are no longer effective January 1, 2024.¹

¹ 393.1655(1) RSMo.

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

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

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

9 A: The proposed current period FARs for Evergy Missouri Metro’s customers by voltage
10 level is shown below:

Proposed Current Period FARs	
	\$ per kWh
Voltage	Rates
Transmission	(\$0.00016)
Substation	(\$0.00017)
Primary	(\$0.00017)
Secondary	(\$0.00017)

11

12 This is the difference between the base FAC includable costs and the actual costs
13 incurred by the Company including interest and any adjustments during the current 17th
14 accumulation period of July through December 2023 and will be included in billed FAC
15 rates over a recovery period running from April 2024 through March 2025.

16 The proposed FAR was calculated in the manner specified in the Company’s
17 FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the proposed tariff
18 sheet with the current FAR, the prior period FAR and the total FAR that will be billed
19 to customers over the recovery period. The FAR calculated for the 15th accumulation
20 period has been removed as its recovery period will cease in March 2024. The FAR for

1 the 16th accumulation period is added to the FAR for the current 17th accumulation
 2 period to provide the annual FAR. Thus, given the proposed current FAR calculations,
 3 the annual FARs for Evergy Missouri Metro customers are shown in the table below:

		ER-2024-0027	
	Proposed 2nd Revised Sheet No. 50.42	Current 1st Revised Sheet No. 50.42	
Service			Impact
Transmission	\$0.00015	\$0.00121	\$ (0.00106)
Substation	\$0.00014	\$0.00121	\$ (0.00107)
Primary	\$0.00014	\$0.00123	\$ (0.00109)
Secondary	\$0.00015	\$0.00126	\$ (0.00111)

4
 5 These proposed rates will be billed to customers from April through September 2024.
 6 As stated earlier, based on usage of 1,000 kWh per month this will result in a monthly
 7 FAC charge of \$0.15, which is a decrease of \$1.11 to an Evergy Missouri Metro
 8 residential customer’s monthly bill compared to the the current monthly FAC charge of
 9 \$1.26.

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

14 **A:** Evergy Missouri Metro’s FAC and the Commission’s rules provide two mechanisms to
 15 ensure that amounts billed to customers do not exceed the Company’s actual, prudently
 16 incurred fuel and purchased power costs. First, at the end of each recovery period the
 17 Company is required to true up the amounts billed to customers through the FAR with
 18 the excess fuel and purchased power costs that were actually incurred during the
 19 accumulation period to which the FAR applies. Second, the Company’s fuel and
 20 purchased power costs are subject to periodic prudence reviews to ensure that only

1 prudently incurred fuel and purchased power costs are billed to customers through
2 Evergy Missouri Metro’s FAC. These two mechanisms serve as checks to ensure that
3 the Company’s customers pay only the prudently incurred, actual costs of fuel and
4 purchased power used to provide electric service.

5 **Q: Have each of these mechanisms been in effect throughout the FAC process since**
6 **its inception in the 2014 Case?**

7 A: Yes, Evergy Missouri Metro is currently in its fifth prudence review, Case No. EO-
8 2023-0276, for the review period of July 2021 through December 2022. In their
9 Prudence Review Report filed on August 30, 2023, MPSC Staff alleges that it “found
10 evidence of imprudence by Evergy Missouri Metro when it chose to do nothing about
11 the substantial ratepayer harm caused by the PPA’s (Purchase Power Agreements) it
12 chose to sign into approximately ten years ago.” Staff is recommending that the
13 Commission order a disallowance of \$12,401,229 plus interest. The Company is
14 disputing these claims. A procedural schedule has been established with an evidentiary
15 hearing set for February 5-9, 2024.

16 On September 14, 2022, in the Company’s fourth prudence review, Case No.
17 EO-2022-0064, the Commission approved the Non-Unanimous Stipulation and
18 Agreement filed on July 25, 2022 where the Company agreed, with no admission of
19 imprudence, to a one-time FAC adjustment for 2017 vintage expired RECs. The
20 Company refunded \$703,825 plus interest of \$28,134 in the 15th accumulation period
21 filing, Case No. ER-2023-0245.

22 On May 4, 2022, in the Company’s third prudence review, Case No. EO-2020-
23 0263 later consolidated in Case No. EO-2020-0262, the Commission issued its Report

1 and Order finding Evergy was imprudent by not utilizing demand response programs
2 to reduce energy costs for its customers during the review period of July 2018 through
3 December 2019. Therefore, the Company refunded the amount of \$152,165 plus
4 interest of \$7,947 in the 14th accumulation period, Case No. ER-2023-0030. Also in the
5 third prudence review, on January 20, 2021 an ordered adjustment for Montrose was
6 stipulated by parties amounting to \$199,104. Based on the agreement by parties, rather
7 than recovering this amount through the FAC, the Company recorded this to the Cost
8 of Removal FERC account for consideration in the 2022 general rate case, Case No.
9 ER-2022-0129, and refunded the amount of \$199,104 plus interest of \$10,281 in the
10 11th accumulation period FAR filing, Case No. ER-2021-0244.

11 In the first and second prudence reviews, the MPSC Staff indicated in each of
12 their reports that there were no areas of imprudence identified within the audits.

13 In addition, the Company has made 13 true-up filings, all of which were
14 approved by the MPSC. The 14th true-up filing is being made concurrent with this
15 semi-annual filing covering the 14th accumulation period of January through June 2022
16 and its corresponding recovery period of October 2022 through September 2023. The
17 Company's calculation of the proposed true-up resulting in an under-collection of
18 \$42,893 for Evergy Missouri Metro has been included in the calculation of the current
19 proposed tariff change.

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

22 **A:** The Company requests the Commission approve the proposed rate schedules to be
23 effective as of April 1, 2024.

1 Q: **Does this conclude your testimony?**

2 A: Yes, it does.

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

P.S.C. MO. No. 7 2nd Revised Sheet No. 50.42
 Canceling P.S.C. MO. No. 7 1st Revised Sheet No. 50.42

For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
 (Applicable to Service Provided January 9, 2023 and Thereafter)
 Effective for the Customer Usage Beginning April 2024 through September 2024

Accumulation Period Ending: December 2023			
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		\$145,329,182
2	Net Base Energy Cost (B)	-	\$148,637,965
	2.1 Base Factor (BF)		\$0.01829
	2.2 Accumulation Period NSI (S _{AP})		8,126,733,995
3	(ANEC-B)		(\$3,308,783)
4	Jurisdictional Factor (J)	x	51.7922%
5	(ANEC-B)*J		(\$1,713,692)
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		(\$1,628,007)
8	True-Up Amount (T)	+	\$42,893
9	Interest (I)	+	\$189,248
10	Prudence Adjustment Amount (P)	+	\$0
11	Fuel and Purchased Power Adjustment (FPA)	=	(\$1,395,866)
12	Estimated Recovery Period Retail NSI (S _{RP})	÷	8,850,917,448
13	Current Period Fuel Adjustment Rate (FAR)	=	(\$0.00016)
14			
15	Current Period FAR _{Trans} = FAR x VAF _{Trans}		(\$0.00016)
16	Prior Period FAR _{Trans}	+	\$0.00031
17	Current Annual FAR _{Trans}	=	\$0.00015
18			
19	Current Period FAR _{Sub} = FAR x VAF _{Sub}		(\$0.00017)
20	Prior Period FAR _{Sub}	+	\$0.00031
21	Current Annual FAR _{Sub}	=	\$0.00014
22			
23	Current Period FAR _{Prim} = FAR x VAF _{Prim}		(\$0.00017)
24	Prior Period FAR _{Prim}	+	\$0.00031
25	Current Annual FAR _{Prim}	=	\$0.00014
26			
27	Current Period FAR _{Sec} = FAR x VAF _{Sec}		(\$0.00017)
28	Prior Period FAR _{Sec}	+	\$0.00032
29	Current Annual FAR _{Sec}	=	\$0.00015
30	VAF _{Trans} = 1.0300		
31	VAF _{Sub} = 1.0378		
32	VAF _{Prim} = 1.0497		
33	VAF _{Sec} = 1.0690		