

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case  
File No. ER-2024-0221, Tariff Tracking No. JE-2024-0107

**FROM:** Cynthia M. Tandy, Lead Senior Utility Regulatory Auditor

/s/ Cynthia M. Tandy / 02-29-2024  
Energy Resources Department / Date

**SUBJECT:** Staff Recommendation for Tariff Sheet Filed to Change Rates Related to Evergy Metro, Inc., d/b/a Evergy Missouri Metro's Fuel Adjustment Clause Pursuant to the Commission's *Order Approving Stipulations and Agreements* and *Order Approving Compliance Tariffs* in Case No. ER-2022-0129

**DATE:** February 29, 2024

On January 31, 2024, Evergy Metro, Inc., d/b/a Evergy Missouri Metro ("Evergy Missouri Metro"), filed with the Missouri Public Service Commission ("Commission") one tariff sheet, P.S.C. MO. No. 7 2nd Revised Sheet No. 50.42, bearing a proposed effective date of April 1, 2024, and cancelling P.S.C. MO. No. 7 1st Revised Sheet No. 50.42. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2024-0107 and ordered Staff to file its recommendation by March 1, 2024. In this tariff sheet, Evergy Missouri Metro proposes to revise its Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 17 ("AP17"). AP17 was July 1, 2023 through December 31, 2023. Staff recommends that the Commission approve 2nd Revised Sheet No. 50.42 Canceling the 1st Revised Sheet No. 50.42, and change the FAR.

Evergy Missouri Metro's January 31, 2024 filing includes the testimony of Evergy Missouri Metro witness Lisa A. Starkebaum, Manager – Regulatory Affairs at Evergy Missouri Metro, and associated work papers. Evergy Missouri Metro's calculation of its Fuel and Purchased Power Adjustment ("FPA") is (\$1,395,866), as shown on line 11 of proposed 2nd Revised Sheet No. 50.42. This FPA divided by the estimated retail sales of 8,850,917,448 kWh (line 12) results in a FAR of (\$.00016) per kWh (line 13). This proposed AP17 FAR of (\$.00016) per kWh is (\$.00046) less than the Accumulation Period 16 ("AP16") FAR of \$0.00030/kWh on line 13 of 1st Revised Sheet No. 50.42.

### **Calculation of Total Company Fuel and Purchased Power Difference**

Evergy Missouri Metro's work papers for AP17 contain data and calculations for Actual Net Energy Cost ("ANEC") of \$145,329,182 (line 1), and Net Base Energy Cost ("B") of \$148,637,965 (line 2). For this filing, B equals sales of 8,126,733,995 kWh for July 2023 through December 2023 (line 2.2), multiplied by the Base Factor ("BF") of \$0.01829. The difference between ANEC and B is (\$3,308,783) and this is the amount on line 3, Total Fuel and Purchased Power Difference.

The Accumulation Periods, Recovery Periods, and other specifications of Evergy Missouri Metro's FAC are set out in its tariff sheets designated Original Sheet Nos. 50.32 through 50.42.

### **Calculation of FPA Amount**

Evergy Missouri Metro's work papers and proposed 2nd Revised Sheet No. 50.42 show the FPA amount of (\$1,395,866) on line 11 is the sum of:

1. 95% of the difference between the ANEC and the B for AP17, which is (\$1,628,007) (line 7);
2. The true-up amount for Recovery Period 14 ("RP14") of \$42,893<sup>1</sup> (line 8); and,
3. The interest amount of \$189,248 (line 9), which is the interest for AP17<sup>2</sup>.

### **Calculation of FAR**

The proposed FAR of (\$0.00016) per kWh (line 13), is equal to the FPA amount of (\$1,395,866) (line 11) divided by the estimated recovery period retail net system input ("NSI") of 8,850,917,448 kWh (line 12). This proposed FAR would be in effect for Recovery Period 17, which is Evergy Missouri Metro's billing months of April 2024 through March 2025.

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<sup>1</sup> See Staff Recommendation in File No. EO-2024-0220.

<sup>2</sup> Interest is defined on Evergy Missouri Metro, P.S.C.MO. No. 7, Original Sheet No. 50.39 as:

Interest applicable to (i) the difference between Missouri Retail ANEC and B for all kWh of energy supplied during an AP until those costs have been recovered; (ii) refunds due to prudence reviews ("P"), if any; and (iii) all under- or over-recovery balances created through operation of this FAC, as determined in the true-up filings ("T") provided for herein. Interest shall be calculated monthly at a rate equal to the weighted average interest paid on the Company's short-term debt, applied to the month-end balance of items (i) through (iii) in the preceding sentence.

**Voltage Level FARs**

Because of differences in line losses for transmission, substation, primary and secondary voltage service levels<sup>3</sup>, lines 15, 19, 23, and 27 reflect different FARs for service taken at transmission, substation, primary and secondary voltage service levels, respectively.

The proposed FARs for transmission, substation, primary, and secondary service voltage levels are on lines 17, 21, 25, and 29. They are the sum of the current period FARs and Eversource Missouri Metro’s prior period FARs.

Listed below are Eversource Missouri Metro’s proposed AP17 FARs, the current AP16 FARs, and the difference between them for transmission, substation, primary, and secondary voltage service.

<b>Proposed and Current Annual Fuel Adjustment Rates \$ per kWh</b>			
<b>Service</b>	<b>Proposed AP17 Annual FAR</b>	<b>Current AP16 Annual FAR</b>	<b>Difference</b>
<b>Transmission</b>	\$0.00015	\$0.00121	\$0.00106 Decrease
<b>Substation</b>	\$0.00014	\$0.00121	\$0.00107 Decrease
<b>Primary</b>	\$0.00014	\$0.00123	\$0.00109 Decrease
<b>Secondary</b>	\$0.00015	\$0.00126	\$0.00111 Decrease

Based on a monthly usage of 1,000 kWh per month, the proposed change to the secondary FAR would result in a decrease of the FAR of a typical Eversource Missouri Metro residential customer’s bill<sup>4</sup> by \$1.11 per month, from \$1.26 to \$0.15.

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<sup>3</sup> The voltage adjustment factors (“VAFs”) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 2nd Revised Sheet No. 50.42.

<sup>4</sup> All residential customers take service at secondary voltage.

In her direct testimony Ms. Starkebaum states:

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

### **Staff Review**

Staff reviewed the proposed 2nd Revised Sheet No. 50.42 filed on January 31, 2024, Ms. Starkebaum's direct testimony and all the accompanying work papers, as well as Evergy Missouri Metro's monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP17. Staff verified that the actual fuel costs, net emissions allowances, purchased power costs and transmission costs, and renewable energy credit revenues match the fuel costs, net emissions allowances, purchased power costs, and transmission costs, and renewable energy credit revenues on line 1 of Evergy Missouri Metro's proposed 2nd Revised Sheet No. 50.42 filed on January 31, 2024, along with Ms. Starkebaum's supporting work papers. Staff also reviewed Evergy Missouri Metro's monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under/over-recovery of base fuel and purchased power costs and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

### **Staff Recommendation**

Evergy Missouri Metro timely filed its 2nd Revised Sheet No. 50.42 on January 31, 2024, and it complies with the Commission's *Order Approving Stipulations and Agreements* and *Order Approving Compliance Tariffs* in Case No. ER-2022-0129, Commission Rule 20 CSR

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<sup>5</sup> Evergy Missouri Metro witness Lisa A. Starkebaum, Direct Testimony, page 5, lines 5-18.

4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Evergy Missouri Metro's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H)<sup>6</sup> provides in part:

- (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 rate 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;

Evergy Missouri Metro requests that its proposed 2nd Revised Sheet No. 50.42, filed January 31, 2024, become effective on April 1, 2024. The Company filed the tariff sheet with 60 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet become effective on April 1, 2024:

P.S.C. Mo. No. 7  
2nd Revised Sheet No. 50.42, Cancelling 1st Revised Sheet No. 50.42

Staff verified that Evergy Missouri Metro is not delinquent on any assessment and filed its 2022 Annual Report. Evergy Missouri Metro is current on its submission of its Surveillance Monitoring reports, required by 20 CSR 4240-20.090(6), and its monthly reports, required by 20 CSR 4240- 20.090(5). Except for Evergy Missouri Metro's RP14 true-up filing in File No. EO-2024-0220, Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff's recommendation for approval of the Current Period FARs in this case is solely based on the accuracy of Evergy Missouri Metro's calculations and is not indicative of the prudence of the actual net energy costs incurred during AP17.

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<sup>6</sup> Effective January 30, 2019.

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


In the Matter of Evergy Metro, Inc. d/b/a	)	
Evergy Missouri Metro for Authority to	)	<u>File No. ER-2024-0221</u>
Implement Rate Adjustments Required by	)	<u>Tariff No. JE-2024-0107</u>
20 CSR 4240-20.090(8) and the	)	
Company's Approved Fuel Purchased	)	
Power Cost Recovery Mechanism	)	

**AFFIDAVIT OF CYNTHIA M. TANDY**

STATE OF MISSOURI    )  
                                  ) ss.  
COUNTY OF COLE     )

COMES NOW CYNTHIA M. TANDY 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.

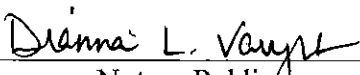
Further the Affiant sayeth not.

  
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CYNTHIA M. TANDY

**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 26<sup>th</sup> day of February 2024.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377
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Notary Public