

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

**TWELFTH PRUDENCE REVIEW OF COSTS
RELATED TO THE FUEL ADJUSTMENT CLAUSE
FOR THE ELECTRIC OPERATIONS
OF**

**EVERGY MISSOURI WEST, INC.,
d/b/a Evergy Missouri West**

FILE NO. EO-2025-0074

December 1, 2022, through May 31, 2024

*Jefferson City, Missouri
February 28, 2025*

**** Denotes Confidential Information ****

1 **TABLE OF CONTENTS OF**

2 **STAFF REPORT**

3 **TWELFTH PRUDENCE REVIEW OF COSTS**
4 **RELATED TO THE FUEL ADJUSTMENT CLAUSE**
5 **FOR THE ELECTRIC OPERATIONS**
6 **OF**
7 **EVERGY MISSOURI WEST, INC.,**
8 **d/b/a EVERGY MISSOURI WEST**

9 **December 1, 2022 through May 31, 2024**

10 **CASE NO. EO-2025-0074**

11 I. EXECUTIVE SUMMARY 1

12 II. INTRODUCTION 2

13 A. GENERAL DESCRIPTION OF EVERGY MISSOURI WEST’S FAC 2

14 B. PRUDENCE STANDARD 3

15 III. FUEL COSTS, PURCHASED POWER COSTS, TRANSMISSION COSTS, NET EMISSION

16 COSTS 4

17 A. UTILIZATION OF GENERATION CAPACITY 6

18 B. HEAT RATES..... 9

19 C. PLANT OUTAGES 10

20 D. NATURAL GAS COSTS 11

21 E. COAL AND RAIL TRANSPORTATION COSTS 14

22 F. FUEL RESIDUALS 15

23 G. FUEL OIL COSTS..... 16

24 G. TRANSMISSION COSTS 17

25 H. EMISSION ALLOWANCES..... 18

26 I. OFF-SYSTEM SALES REVENUE..... 19

27 J. RENEWABLE ENERGY CREDIT REVENUES 20

28 K. PURCHASED POWER COSTS..... 23

29 IV. INTEREST 26

1 TWELFTH PRUDENCE REVIEW OF COSTS
2 RELATED TO THE FUEL ADJUSTMENT CLAUSE
3 FOR THE ELECTRIC OPERATIONS
4 OF
5 EVERGY MISSOURI WEST, INC.,
6 d/b/a EVERGY MISSOURI WEST

7 December 1, 2022 through May 31, 2024

8 CASE NO. EO-2025-0074

9 **I. EXECUTIVE SUMMARY**

10 Commission Rule 20 CSR 4240-20.090(11)¹ and Missouri Revised Statute
11 Section 386.266.5(4) require that the Commission’s Staff (“Staff”) conduct prudence reviews
12 of an electric utility’s Fuel Adjustment Clause (FAC) no less frequently than every 18 months.
13 In this prudence review, Staff analyzed items affecting Evergy Missouri West, Inc., d/b/a
14 Evergy Missouri West’s (“Evergy Missouri West” or “Company”) fuel costs; purchased power
15 costs; net emission costs; transmission costs; off-system sales revenues; and renewable energy
16 credit revenues for the thirty-second, thirty-third, and thirty-fourth six-month accumulation
17 periods. The thirty-second accumulation period started December 1, 2022 and ended May 31,
18 2023. The thirty-third accumulation period started June 1, 2023 and ended November 30, 2023.
19 The thirty-fourth accumulation period started December 1, 2023 and ended May 31, 2024.
20 Thus, the Review Period that is documented in this Prudence Review Report is from
21 December 1, 2022 through May 31, 2024 (“Review Period”). This is Staff’s twelfth Prudence
22 Review Report for Evergy Missouri West’s FAC. Table 1 identifies Staff’s previous FAC
23 prudence reviews.

Table 1 - Completed Evergy Missouri West FAC Prudence Reviews

Review	File Number	Review Period
First	EO-2009-0115	June 1, 2007 through May 31, 2008
Second	EO-2010-0167	June 1, 2008 through May 31, 2009
Third	EO-2011-0390	June 1, 2009 through November 30, 2010
Fourth	EO-2013-0325	December 1, 2010 through May 31, 2012
Fifth	EO-2014-0242	June 1, 2012 through November 30, 2013

¹ Effective January 30, 2019.

Review	File Number	Review Period
Sixth	EO-2016-0053	December 1, 2013 through May 31, 2015
Seventh	EO-2017-0232	June 1, 2015 through November 30, 2016
Eighth	EO-2019-0067	December 1, 2016 through May 31, 2018
Ninth	EO-2020-0262	June 1, 2018 through November 30, 2019
Tenth	EO-2022-0065	December 1, 2019 through May 31, 2021
Eleventh	EO-2023-0277	June 1, 2021 through November 30, 2022

1 In evaluating prudence, Staff reviews whether a reasonable person making the same
2 decision would find both the information the decision-maker relied on and the process the
3 decision-maker employed to be reasonable based on the circumstances and information known
4 at the time the decision was made, *i.e.*, without the benefit of hindsight. If either the information
5 relied upon or the decision-making process employed was imprudent, then Staff examines
6 whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision
7 resulted in harm to ratepayers, will Staff recommend a disallowance. However, if an imprudent
8 decision did not result in harm to Evergy Missouri West’s customers, then Staff may further
9 evaluate the decision-making process, and may recommend changes to the company’s business
10 practice going forward.

11 Staff analyzed a variety of items in examining whether Evergy Missouri West was
12 imprudent when managing its fuel and purchased power costs associated with its FAC. Based
13 on its review, Staff found no evidence of imprudence at this time by Evergy Missouri West in
14 the items Staff examined for the period December 1, 2022 through May 31, 2024.

15 *Staff Expert/Witness: Teresa Denney*

16 **II. INTRODUCTION**

17 **A. General Description of Evergy Missouri West’s FAC**

18 For each accumulation period (“AP”),² Evergy Missouri West’s Commission-approved
19 FAC allows Evergy Missouri West to recover from (if the actual net energy costs exceed) or
20 refund to (if the actual net energy costs are less than) its ratepayers ninety-five percent (95%)

² Accumulation periods are June through November and December through May.

1 of its Missouri jurisdictional³ actual net energy costs (“ANEC”)⁴ less net base energy costs
2 (“B”)⁵ which is identified as (ANEC-B)*J in Evergy Missouri West’s FAC.⁶ Actual net energy
3 costs are defined as the prudently incurred variable fuel costs, purchased power costs,
4 transmission costs and net emissions costs minus off-system sales revenues and renewable
5 energy credit revenues. Evergy Missouri West accumulates variable fuel costs, purchased
6 power costs, transmission costs and net emissions costs minus off-system sales revenues and
7 renewable energy credit revenues during six-month accumulation periods. Each six-month
8 accumulation period is followed by a twelve-month recovery period when 95% of the
9 (ANEC-B)*J amount (including the monthly application of interest)⁷ is recovered from or
10 returned to ratepayers through an increase or decrease in the FAC FAR during a twelve-month
11 recovery period (“RP”).⁸ Because the FAR rarely, if ever, will exactly match the required offset,
12 Evergy Missouri West’s FAC is designed to true-up the difference between the revenues billed
13 and the revenues authorized (including the monthly application of interest) for collection during
14 recovery periods. Any disallowance the Commission orders as a result of a prudence review
15 shall include interest at the Company’s short-term interest rate and will be accounted for as an
16 item of cost⁹ in a future filing to adjust the FAR.

17 **B. Prudence Standard**

18 In making its recommendation to the Commission, Staff must determine if the utility
19 acted imprudently, and if this imprudence resulted in harm to the utility’s customers. This
20 determination is based upon the information available to the utility and under the circumstances
21 prevailing, at the time when the decision was made or action was taken. Staff’s responsibility
22 is to determine how a reasonable person would have performed the tasks that confronted a

³ J is defined on Original Sheet No. 127.31 as Missouri Retail Energy Ratio = Retail kWh sales/total system kWh, where total system kWh equals retail and full and partial requirement sales associated with GMO.

⁴ Actual Net Energy Costs are equal to fuel costs (FC) plus net emission costs (E) plus purchased power costs (PP) plus transmission costs (TC) minus off-system sales revenue (OSSR) and renewable energy credit revenue (R) as defined on Evergy Missouri West’s Original Sheet No. 127.25.

⁵ Net base energy costs (B) are defined on Evergy Missouri West’s Original Sheet No. 127.31 as net base energy costs ordered by the Commission in the last general rate case consistent with the costs and revenues included in the calculation of the FPA. Net base energy costs will be calculated as shown below $S_{AP} \times \text{Base Factor}$ (“BF”).

⁶ For the thirty-second, thirty-third, and thirty-fourth accumulation periods, the (ANEC-B)*J amounts are included on line 5 of Evergy Missouri West’s 6th Revised Sheet No. 127.23, 1st Revised Sheet No. 127.34, 2nd Revised Sheet No. 127.34, and 3rd Revised Sheet No. 127.34, respectively.

⁷ See Section IV. Interest, of this Prudence Review Report.

⁸ Recovery periods are: March through February and September through August.

⁹ See definition of variable I on Evergy Missouri West’s Original Sheet No. 127.32.

1 company. The determination is not based on hindsight or information that was not available at
2 the time.

3 *Staff Expert/Witness: Brooke Mastrogiannis*

4 **III. FUEL COSTS, PURCHASED POWER COSTS, TRANSMISSION**
5 **COSTS, NET EMISSION COSTS**

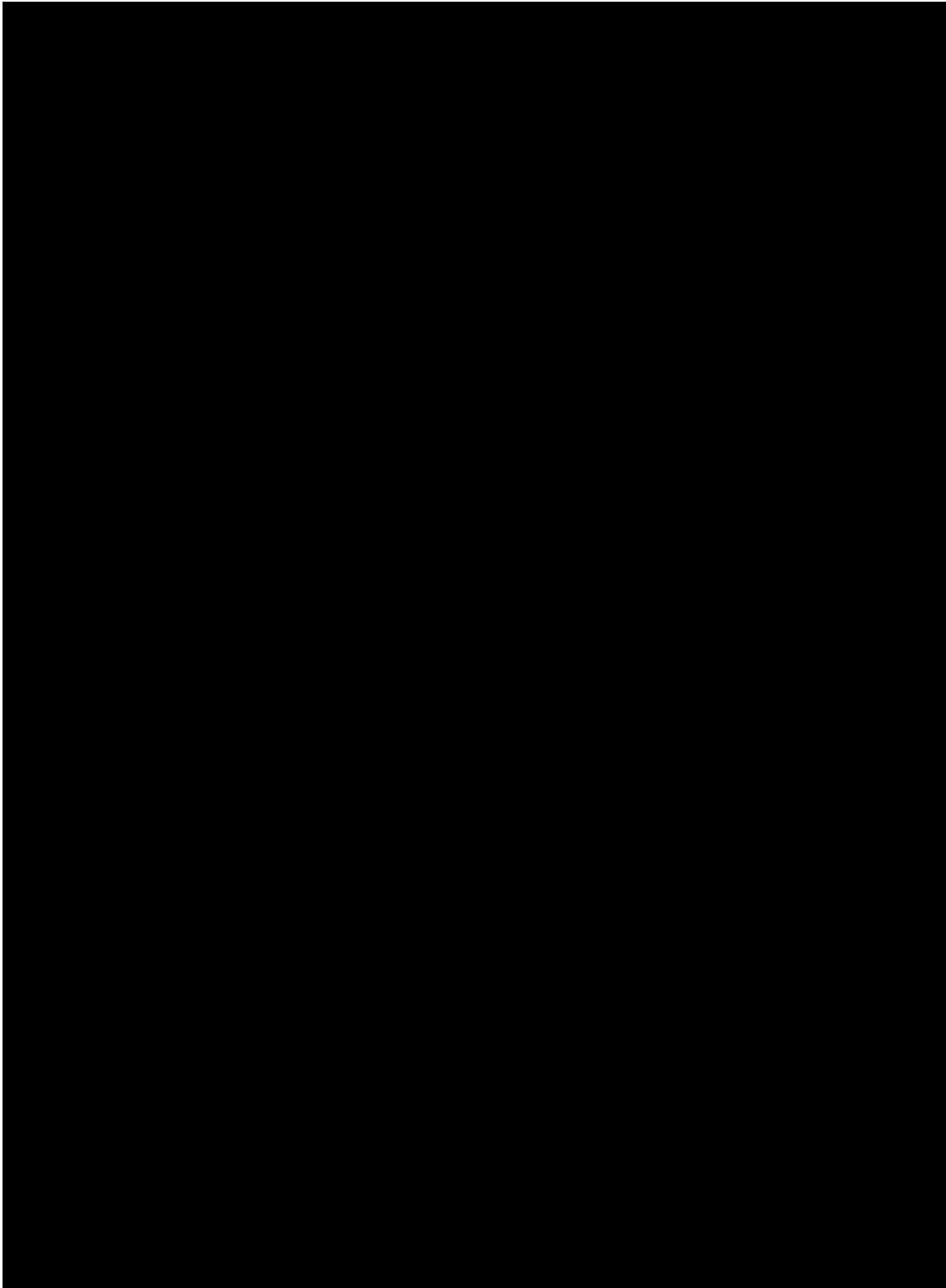
6 Evergy Missouri West's FAC includes four major components of costs: fuel costs,
7 purchased power costs, transmission costs, and net emission costs. It also includes two
8 components of revenues: off-system sales revenues and renewable energy credit revenues.
9 Confidential Table 2 is a breakdown of Evergy Missouri West's fuel costs, purchased power
10 costs, transmission costs, net emission costs, off-system sales revenues, and renewable energy
11 credit revenues for the period of December 1, 2022 through May 31, 2024:

12 *continued on next page*

Table 2 – Confidential

1
2

**



3
4

**

1 *Staff Experts/Witnesses: Teresa Denney, Brooke Mastrogiannis, Stacy Henderson, and*
2 *Amanda C. Conner*

3 **A. Utilization of Generation Capacity**

4 **1. Description**

5 The purpose of this section is to provide an overview of Evergy Missouri West's
6 available supply-side and demand response resources and review the process by which
7 generating units are selected to satisfy native load requirements during the Review Period.
8 Evergy Missouri West's generating units consist of a mixture of coal, nuclear, natural gas,
9 diesel, and wind as indicated in Table 3¹⁰ below titled Supply Side Resources. Table 4 provides
10 a list of Evergy Missouri West's long-term Power Purchase Agreements ("PPA"). Table 5
11 contains a capacity summary for Evergy Missouri West's current fleet.

12 *continued on next page*

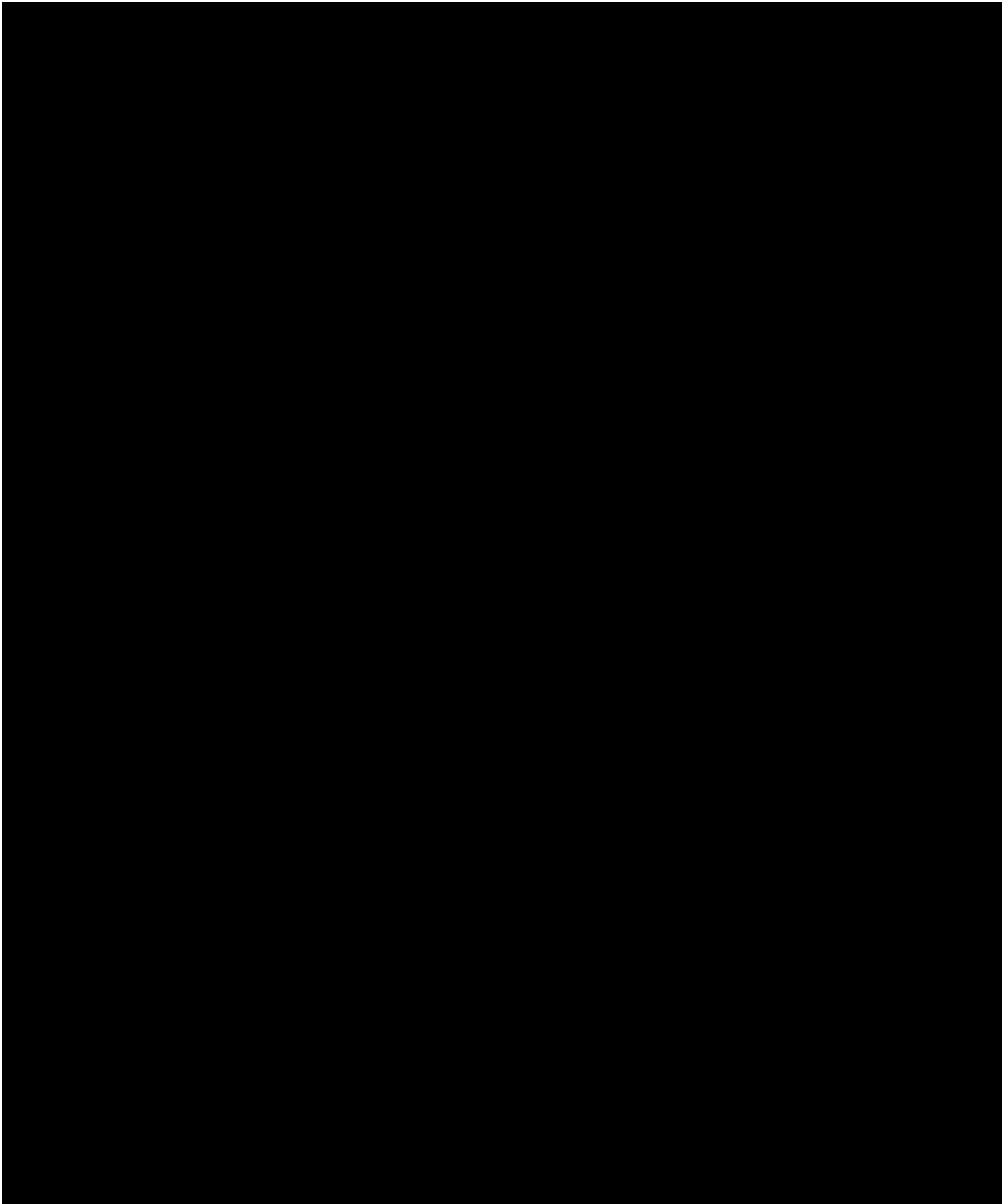
¹⁰ Evergy Missouri West response to Data Request No. 0012 & 43.

Table 3 - Confidential

1

2

*



3

4

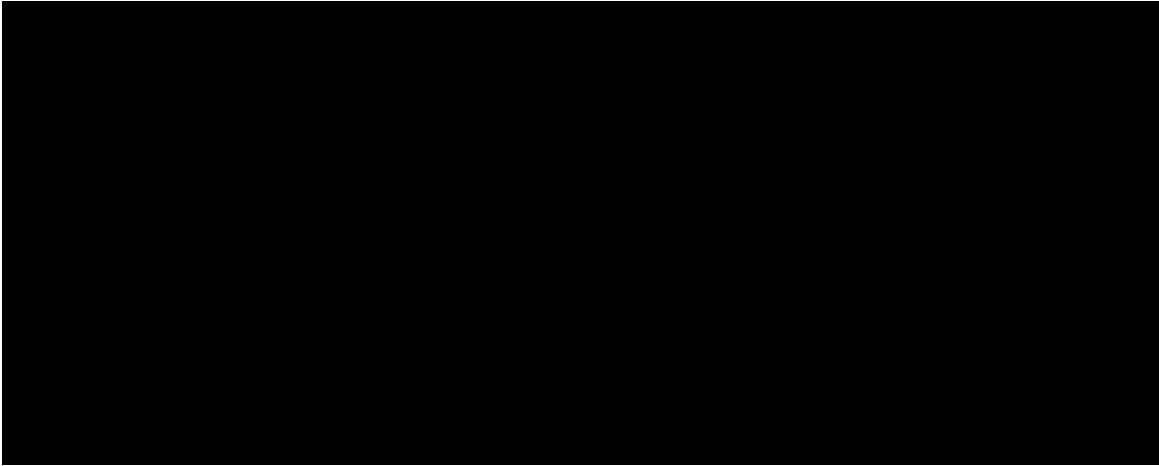
**

1

Table 4 – Confidential

2

**



3

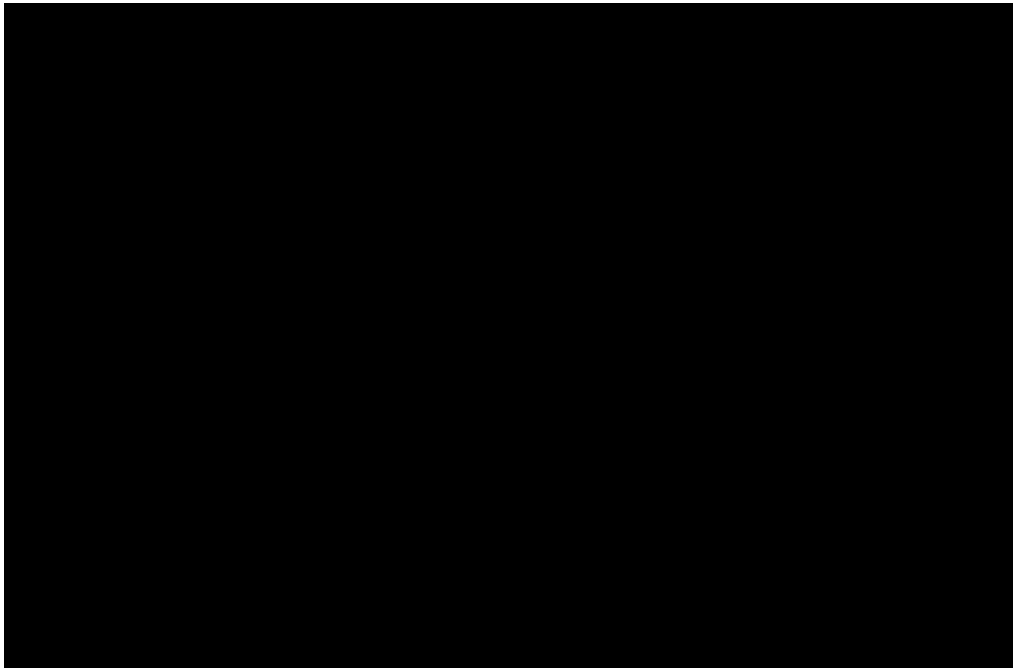
**

4

Table 5 – Confidential

5

**



6

**

2. Self – Commitment of Baseload Generation Facilities into SPP

7

8

9

10

During this FAC prudence review, Staff conducted a review of commitment status of Evergy Missouri West’s electric generation facilities into SPP in an effort to determine any negative impacts that might be occurring because of such actions. Staff reviewed

1 Data Requests 0053 and 0053.1 and did not find any evidence of imprudent self-commitment
2 of baseload generation.

3 **3. Conclusion**

4 Staff did not observe any evidence of imprudent utilization of generation resources
5 during this prudence review.

6 **4. Documents Reviewed**

- 7 a. Evergy Missouri West’s responses to Staff Data Request Nos. 0012, 0012.1, 0043,
8 0053, and 0053.1;
- 9 b. SPP, Self-committing in SPP markets: Overview, impacts, and recommendations,
10 December 2019; and
- 11 c. Case No. EW-2019-0370.

12 *Staff Expert/Witness: Jordan Hull*

13 **B. Heat Rates**

14 **1. Description**

15 Heat rates of generating units are an indicator of unit performance. A heat rate is a
16 calculation of total volume of fuel burned for electric generation multiplied by the average
17 heat content of that volume of fuel divided by the total net generation of electricity in
18 kilowatt hours (“kWh”) for a given time period.

19 **2. Summary of Cost Implications**

20 Heat rates are inversely related to the operating efficiency of the generating unit.
21 Increasing heat rates of specific units over time may be an indication that a specific unit’s
22 efficiency is declining. Heat rates can vary greatly depending on operating conditions including
23 but not limited to load, hours of operation, shut downs and startups, unit outages, derates,¹¹ and
24 weather conditions. Therefore, a good indication of unit performance for those units that are
25 utilized frequently is an analysis of the trend of heat rates over time. A permanent increase in
26 monthly heat rates is commonly the result of a decrease in a generating unit’s operating
27 efficiency whenever additional emissions reduction equipment is added to the backend of the
28 generating unit. Continued utilization of units with sustained elevated heat rates could result in

¹¹ Derate- To lower the rating of (a device), especially because of a deterioration in efficiency or quality.

1 Evergy Missouri West incurring higher fuel costs per unit of electricity generated than it would
2 otherwise have incurred. If Evergy Missouri West was imprudent in response to the ongoing
3 trend of a unit's heat rate, ratepayer harm could result from an increase in the fuel costs that are
4 collected through Evergy Missouri West's FAC charges.

5 **3. Conclusion**

6 In reviewing the monthly heat rates of the Evergy Missouri West's generating units, and
7 examining any reasons behind any unfavorable trends and/or sporadic heat rates, Staff found
8 no indication that Evergy Missouri West acted imprudently during the Review Period.

9 **4. Documents Reviewed**

- 10 a. Evergy Missouri West's responses to Staff Data Request Nos. 0017, and 0061; and
- 11 b. Monthly Outage data in the Monthly Reports submitted by Evergy Missouri West
12 in compliance with Rule 20 CSR 4240-3.190.

13 *Staff Expert/Witness: Jordan Hull*

14 **C. Plant Outages**

15 **1. Description**

16 Generating stations' outages generally can be classified as scheduled outages, forced
17 outages, or partial outages ("derating"). Scheduled outages consist of either a planned outage
18 or a maintenance outage. A planned outage is one that is scheduled well in advance, with a
19 predetermined duration and occurring only once or twice a year. Due to significant resources
20 required such as contractors and scheduling, planned outages are scheduled more than a year in
21 advance. Turbine and boiler overhauls, inspections, testing, and nuclear refueling are typical
22 planned outages. A maintenance outage is one that can be deferred beyond the end of the next
23 weekend but must be taken before the next planned outage. A forced outage is an outage that
24 cannot be deferred beyond the next weekend and a partial outage or derating is a condition that
25 exists that requires the unit to be limited to an energy output below maximum capacity.

26 Outages taken at any of the generating units have an impact on how much
27 Evergy Missouri West will pay for fuel and purchased power and, if planned during peak load
28 demand times, has the potential result of Evergy Missouri West paying more for fuel and
29 purchased power cost than it would have paid if the outage were planned during forecasted low
30 load times. Periodic planned outages are required to maintain each generating unit in peak

1 operating condition to minimize forced or maintenance outages that could occur during peak
2 load demand or periods of high replacement energy costs, typically June through August and
3 January through February.

4 Staff examined the planned outages and their timing for imprudence. An example of an
5 imprudent outage would be scheduling a planned outage of a large base load unit during a time
6 of peak load. Evergy Missouri West has little or no control over the timing of unscheduled
7 maintenance or forced outages of the generating stations it owns and operates when such
8 outages are the result of unforeseen events causing fuel and/or purchase power costs that are
9 collected from customers through Evergy Missouri West's FAC to increase. The Company has
10 no control over the timing of planned outages for generating stations it does not own
11 and operate.

12 2. Summary of Cost Implications

13 An imprudent planned outage could result in an increase in purchased power costs as
14 well as a decrease in off-system sales revenues through the SPP IM and ratepayer harm could
15 result from an increase in FAC charges.

16 3. Conclusion

17 Staff did not find any evidence of imprudent planned outages by Evergy Missouri West
18 during the time period examined in this review.

19 4. Documents Reviewed

- 20 a. Evergy Missouri West's responses to Staff Data Request Nos. 0004, 0005, and 0046.

21 *Staff Expert/Witness: Jordan Hull*

22 D. Natural Gas Costs

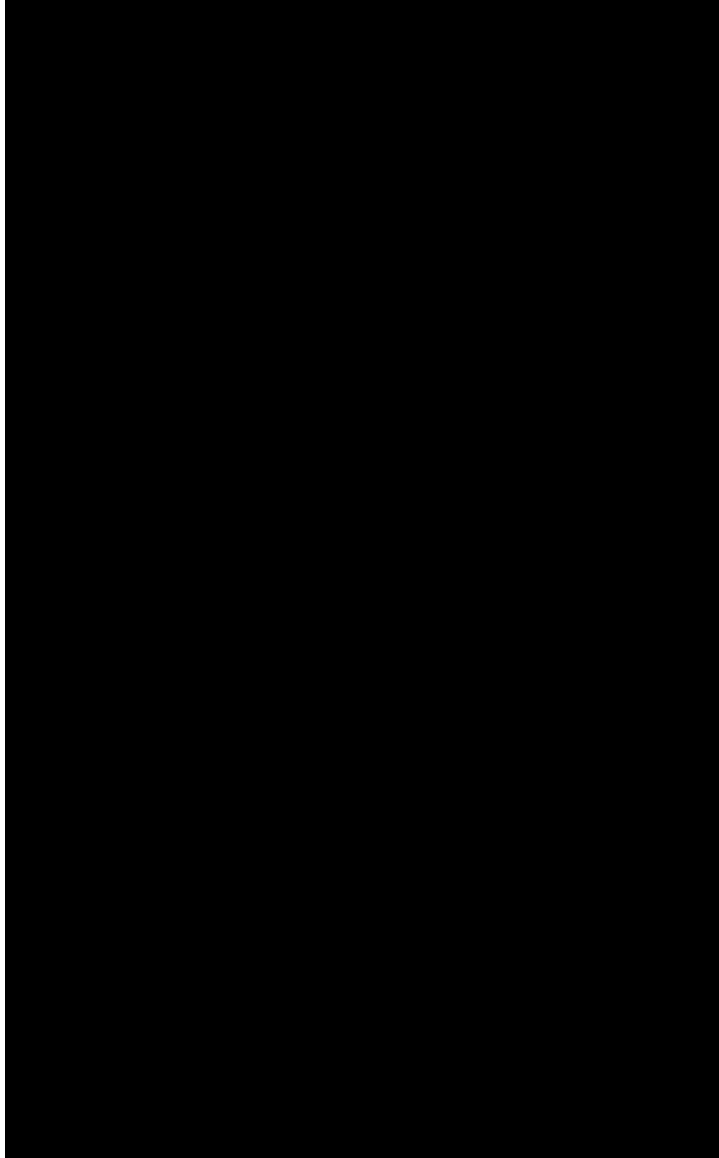
23 1. Description

24 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri
25 West's total fuel costs, purchased power costs, transmission costs, and net emission costs was
26 associated with the natural gas used in generating electricity. The cost of natural gas includes
27 various miscellaneous charges such as firm transportation service charges. During the
28 Review Period, Evergy Missouri West's natural gas price averaged ** [REDACTED] ** per MMBtu,
29 based on ** [REDACTED] ** MMBtu of natural gas purchased for a total purchased amount of
30 ** [REDACTED] **. ** Staff reviewed the contract terms and a sampling of invoices for gas

1 purchased. Staff notes that hedging costs associated with natural gas are not currently included
2 for recovery in Evergy Missouri West's FAC; therefore, the hedging costs/revenues and
3 hedging policies were not reviewed in this prudence review. Evergy Missouri West receives
4 natural gas services from twenty-eight natural gas supply contracts and four natural gas
5 transportation contracts. The contracts are with the following suppliers:

6 **Table 6 - Confidential**

7 **

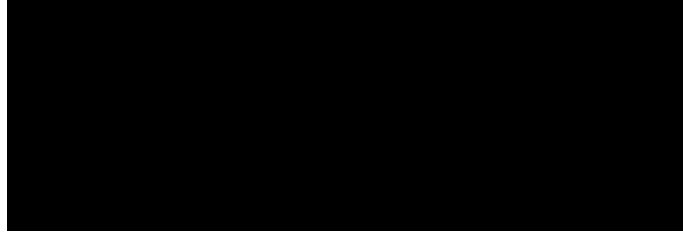


8 **

1 Confidential Table 7 lists the entities that Evergy Missouri West has Gas Transportation
2 Contracts in effect with for the Review Period:

3 **Table 7 - Confidential**

4 **

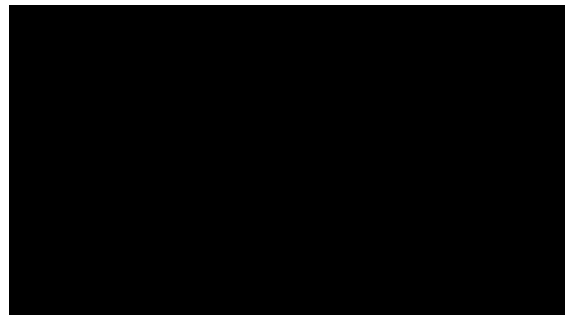


5 **

6
7 The following table identifies Evergy Missouri West’s peaking generating units that burn
8 natural gas:

9 **Table 8 - Confidential**

10 **



11 **

12 **2. Summary of Cost Implications**

13 If Evergy Missouri West was imprudent in its purchasing decisions relating to natural
14 gas, ratepayer harm could result from increased FAC charges.

15 **3. Conclusion**

16 Staff found no indication Evergy Missouri West’s purchases of natural gas were
17 imprudent during the Review Period.

1 **4. Documents Reviewed**

- 2 a. Evergy Missouri West’s responses to Staff Data Request Nos. 0001, 0006, 0012,
3 0023, 0024, 0025, 0027, 0035, 0036, 0044, 0045, 0052, 0067, 0068, 0072, 0073,
4 and 0074; and
5 b. Evergy Missouri West’s monthly reports; FAR Filings and related work papers for
6 AP 32, 33, and 34.

7 *Staff Expert/Witness: Brooke Mastrogiannis*

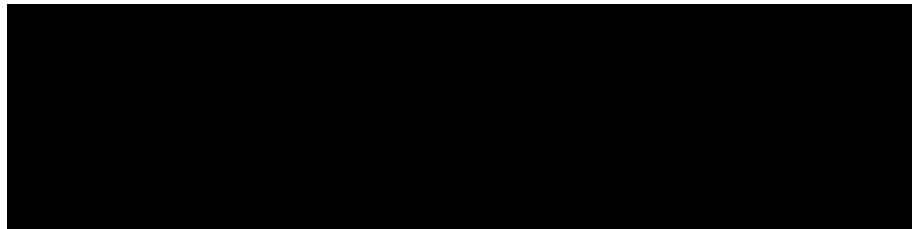
8 **E. Coal and Rail Transportation Costs**

9 **1. Description**

10 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri West’s
11 total fuel costs, cost of purchased power, transmission costs, and net emission costs was
12 associated with the coal used in generating electricity. The cost of coal includes various
13 miscellaneous charges such as rail and other ground transportation service charges.
14 Staff reviewed the contract terms of three coal purchase contracts, as well as a sampling of
15 invoices for coal purchased and delivered. The counterparties for the contracts are:

16 **Table 9 - Confidential**

17 **



18 **

19 The contracts provide coal delivery to Evergy Missouri West’s ** [REDACTED]
20 [REDACTED] **. The price of coal can either be a fixed
21 price for the entire contract, a fixed price for each year of the contract, a base price plus an
22 escalation as calculated per the contract, a price determined by the Master Purchase & Sales
23 Agreement, or a price which is index based.

24 **2. Summary of Cost Implications**

25 If Evergy Missouri West was imprudent in its decisions relating to purchasing and
26 transporting coal, ratepayer harm could result from an increase in FAC charges.

1 **3. Conclusion**

2 Staff found no indication Evergy Missouri West’s purchases and transportation of coal
3 or its coal-related contracts were imprudent during the Review Period.

4 **4. Documents Reviewed**

- 5 a. Evergy Missouri West’s responses to Staff Data Request Nos. 0001, 0006, 0007,
6 0008, 0012, 0021, 0023, 0023.1, 0028, 0029, 0030, 0031, 0035, 0036, 0044, 0044.1
7 0045, 0052, 0069, 0070, 0071, and 0075; and
8 b. Evergy Missouri West’s monthly reports; FAR Filings and related work papers for
9 AP 32, 33, and 34.

10 *Staff Expert/Witness: Brooke Mastrogiannis*

11 **F. Fuel Residuals**

12 **1. Description**

13 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri West’s total
14 fuel costs, cost of purchased power, transmission costs, and net emission costs was associated
15 with the fuel residuals. There are a number of things that fall within the fuel residuals costs,
16 such as ash disposal costs including contractors, materials, and other miscellaneous expenses.
17 Staff reviewed the contract terms provided with the contract labor included for fuel residuals,
18 along with a large sample of the invoices. Although Staff does have some concerns with the
19 type of expenses that are being recovered through the FAC related to various miscellaneous
20 items, since the FAC tariff has very vague language about miscellaneous items,¹² Staff will
21 continue to review and monitor, and may address changing the language in the Company’s next
22 general rate case.

23 **2. Summary of Cost Implications**

24 If Evergy Missouri West imprudently purchased fuel residuals, ratepayer harm could
25 result from increased FAC charges.

26 **3. Conclusion**

27 Staff has recently become aware of a lawsuit¹³ regarding a potential fly ash
28 contamination in Henry County, Missouri. Based on this, and the fuel residual discussion above,

¹² P.S.C. MO. No. 1 1st Revised Sheet No. 127.25 “Subaccount 501400 and 501420: residuals costs and revenues associated with combustion byproducts, slag and ash disposal costs and revenues including contractors, materials and other miscellaneous expenses.”

¹³ As of now the lawsuit is currently against Evergy Metro. However, out of an abundance of caution, Staff is including this information in the Evergy Missouri West report as well.

1 Staff is unable to determine if all fuel residual costs are prudent at this time but will continue
2 to review and monitor the lawsuit and may make further recommendations in any future case
3 proceeding. Staff may also address changing the fuel residual FAC tariff language in the
4 Company's next general rate case.

5 **4. Documents Reviewed**

- 6 a. Evergy Missouri West's responses to Staff Data Request Nos. 0001, 0023, 0023.1,
7 0023.2, 0035, 0036, 0044, 0045, 0052, 0075; and
8 b. Evergy Missouri West's monthly reports; FAR Filings and related work papers for
9 AP 32, 33, and 34.

10 *Staff Expert/Witness: Brooke Mastrogiannis*

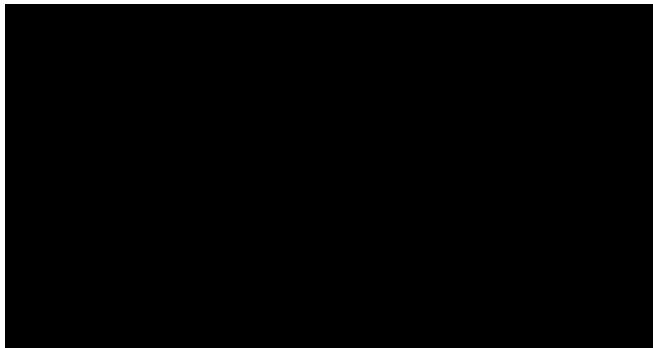
11 **G. Fuel Oil Costs**

12 **1. Description**

13 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri West's
14 total fuel costs, cost of purchased power, transmission costs, and net emission costs was
15 associated with the fuel oil used in generating electricity. The cost of fuel oil includes various
16 miscellaneous charges, such as rail and/or ground transportation service charges. Staff reviewed
17 the contract terms of Evergy Missouri West's six oil contracts that were in place during the
18 Review Period, as well as a sampling of invoices for fuel oil purchased. The contracts provide
19 a primary delivery location and agreement on the price. The price is based on the market price
20 at the time Evergy Missouri West purchases the fuel oil. The counterparties for the fuel oil
21 contracts are listed in the table below:

22 **Table 10 - Confidential**

23 **



24 **

25 The fuel oil contracts provide delivery of fuel oil to various generating units.

1 **2. Summary of Cost Implications**

2 If Evergy Missouri West imprudently purchased fuel oil, ratepayer harm could result
3 from increased FAC charges.

4 **3. Conclusion**

5 Staff found no indication Evergy Missouri West’s costs associated with its fuel oil
6 contracts in place were imprudent during the Review Period.

7 **4. Documents Reviewed**

- 8 a. Evergy Missouri West’s responses to Staff Data Request Nos. 0001, 0006, 0012,
9 0023, 0026, 0035, 0036, 0044, 0045, and 0052; and
10 b. Evergy Missouri West’s monthly reports; FAR Filings and related work papers for
11 AP 32, 33, and 34.

12 *Staff Expert/Witness: Brooke Mastrogiannis*

13 **G. Transmission Costs**

14 **1. Description**

15 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri West’s
16 total fuel cost, cost of purchased power, transmission costs and net emission costs, was
17 associated with transmission costs. There were two tariff sheets that were in effect during this
18 Review Period. Evergy Missouri West’s FAC P.S.C. MO No. 1, 2nd Revised Sheet No. 127.16
19 was in effect December 1, 2022 through January 8, 2023. Evergy Missouri West’s FAC
20 P.S.C. MO No. 1, 1st Revised Sheet No. 127.27 was in effect January 9, 2023 through
21 May 31, 2024.

22 For calculating transmission costs, Evergy Missouri West implemented a process
23 whereby total transmission expenses were tabulated and then costs not allowed in the FAC were
24 removed. Staff reviewed the transmission costs over the Review Period to verify only 74.57%
25 of the SPP transmission service costs were included¹⁴, as well as verifying all Crossroads
26 transmission and NUCOR costs were excluded. Evergy Missouri West’s transmission costs
27 during the Review Period are ** [REDACTED] **.

¹⁴ During the last general rate case, Case No. ER-2022-0130, the Commission, in its *Order Approving Four Partial Stipulations and Agreements* issued on September 22, 2022, approved the change of the FAC transmission percentage from 47.20% to 74.57%.

1 **2. Summary of Cost Implications**

2 If Evergy Missouri West imprudently included transmission costs or included more
3 than 74.57% of the SPP transmission service costs from December 1, 2022 through May 31,
4 2024, or administrative fees, ratepayer harm could result from increased FAC charges.

5 **3. Conclusion**

6 Staff found no indication that Evergy Missouri West’s transmission costs were
7 imprudent during the Review Period.

8 **4. Documents Reviewed**

- 9 a. Evergy Missouri West’s General Ledger;
10 b. Evergy Missouri West’s responses to Staff Data Request Nos. 0040, 0040.1 and
11 0040.2
12 c. Evergy Missouri West’s monthly reports; FAR Filings and related work papers for
13 AP 32, 33 and 34.

14 *Staff Expert/Witness: Stacy Henderson*

15 **H. Emission Allowances**

16 **1. Description**

17 The Cross-State Air Pollution Rule (“CSAPR”) is a ruling by the United States
18 Environmental Protection Agency (“EPA”) that requires a number of states, including Missouri,
19 to reduce power plant emissions that contribute to ozone and/or fine particle pollution in other
20 states. The CSAPR requires Missouri to reduce its annual emissions of sulfur dioxide (SO₂)
21 and nitrous oxides (NO_x) to help downwind states attain the 24-hour National Ambient Air
22 Quality Standards (“NAAQS”). The CSAPR also requires Missouri to reduce ozone season
23 emissions of NO_x to help downwind states attain the 8-hour NAAQS.

24 The primary mechanism of CSAPR is a cap-and-trade program that allows a
25 major source of NO_x and/or SO₂ to trade excess allowances when its emissions of a
26 specific pollutant fall below its cap for that pollutant.

27 To comply with CSAPR, Evergy Missouri West established an inventory for
28 SO₂ and NO_x. Evergy Missouri West currently plans to maintain this SO₂ and NO_x allowance
29 inventory sufficient to offset expected emissions. This inventory is tracked in Company
30 accounts 158100, 158200 and 158201 for Emission Allowance Inventories. The

1 Evergy Missouri West SO₂ and NO_x allowance inventories are valued at zero cost, and the cost
2 for SO₂ and NO_x allowances is tracked in FERC Account Number 509000. For the Review
3 Period, the total balance in the emission inventory accounts as of May 31, 2024 was ** [REDACTED] **.
4 The Company annually balances account 509000 when the EPA yearly awards the
5 additional allowances.

6 For the Review Period, Evergy Missouri West's total net emission allowance cost
7 was ** [REDACTED] **.

8 **2. Summary of Cost Implications**

9 If Evergy Missouri West imprudently used, purchased or banked its SO₂ and NO_x
10 allowances, ratepayer harm could result from an increase in Evergy Missouri West's
11 FAC charges.

12 **3. Conclusion**

13 Staff found no indication Evergy Missouri West was imprudent in its purchases,
14 banking, or usage of CSAPR SO₂ and NO_x allowances.

15 **4. Documents Reviewed**

- 16 a. Evergy Missouri West's responses to Staff's Data Request Nos. 0001, 0023, 0032,
17 0034, 0036, 0039, 0044, 0057, 0058, 0059 and 0060;
- 18 b. Evergy Missouri West's FAR filings and related work papers for AP 32, 33 and 34;
19 and,
- 20 c. Evergy Missouri West's FAC monthly reports for the time period December 1, 2022
21 through May 31, 2024 required by 20 CSR 4240-20.090(5).

22 *Staff Expert/Witness: Teresa L. Denney*

23 **I. Off-System Sales Revenue**

24 **1. Description**

25 Off-system sales revenues ("OSSR") is a component in the calculation of Evergy Missouri
26 West's FAR used to charge or refund fuel and purchased power costs to its customers. Staff
27 reviewed the off-system sales quantities and revenues over the Review Period, and Evergy
28 Missouri West's off-system sales revenue recoverable under the FAC was in the
29 amount ** [REDACTED] **. Evergy Missouri West did not enter into any short-term contracts,

1 because they did not have any excess capacity during the Review Period. There also were
2 no bilateral off-system sales contracts for the review period.

3 **2. Summary of Cost Implications**

4 Evergy Missouri West’s revenues from off-system sales are an offset against total fuel
5 and purchased power costs, transmission costs and net emission costs. This is because
6 Evergy Missouri West’s ratepayers pay for the resources used to produce any energy that
7 Evergy Missouri West sells. Since implementing the IM, SPP has controlled the economic
8 dispatch of Evergy Missouri West’s generation. During times that Evergy Missouri West’s
9 generation exceeds Evergy Missouri West’s retail customers’ needs, Evergy Missouri West
10 becomes a net seller in the SPP IM market. If Evergy Missouri West did not make its generating
11 units available in the SPP IM market for off-system sales to be made, ratepayers could be
12 harmed by an increase in Evergy Missouri West’s FAC charge.

13 **3. Conclusion**

14 Staff found no indication that Evergy Missouri West imprudently withheld availability
15 of its generating units in the SPP for off-system sales to be made.

16 **4. Documents Reviewed**

- 17 a. Evergy Missouri West’s responses to Staff Data Request No. 0054;
- 18 b. Evergy Missouri West’s FAC Original Sheet No. 127.16; and
- 19 c. Evergy Missouri West’s monthly reports; FAR Filings and related work papers for
20 AP 32, 33 and 34.

21 *Staff Expert/Witness: Amanda C. Conner*

22 **J. Renewable Energy Credit Revenues**

23 **1. Description**

24 The Missouri Renewable Energy Standard (“RES”)¹⁵ requires all investor-owned
25 electric utilities in Missouri to provide at least two percent (2%) of their retail electricity sales
26 using renewable energy resources in each calendar year 2011 through 2013, and to increase
27 that percentage over time to at least fifteen percent (15%) by 2021. Commission rule
28 20 CSR 4240-20.100, Electric Utility Renewable Energy Standard Requirements, which first

¹⁵ Section 393.1020 RSMo. Supp. 2013 and Section 393.1030.1(1), RSMo. Supp. 2013.

1 became effective September 30, 2010, contains the definitions, structure, operations, and
2 procedures for implementing the RES.

3 The RES rule creates two categories of energy-generating resources: non-renewable
4 energy resources (including purchased power from non-renewable energy sources) and
5 renewable energy resources (including purchased power from renewable energy sources).¹⁶

6 Renewable energy resources produce electrical energy and are:

- 7 • wind
- 8 • solar sources
- 9 • thermal sources
- 10 • hydroelectric sources
- 11 • photovoltaic cells and panels
- 12 • fuel cells using hydrogen produced by one (1) of the above-named electrical
13 energy sources, and other sources of energy that become available after
14 August 28, 2007, and are certified as renewable by the Missouri Department of
15 Natural Resources – Division of Energy (“Division of Energy”).¹⁷

16 Once an energy resource is certified, it begins producing Renewable Energy Credits
17 (“RECs”), with one (1) REC representing one (1) megawatt-hour of electricity that has been
18 generated from the renewable energy resource. These RECs can be sold and/or traded in the
19 market place bundled with or without the energy that generated the REC.¹⁸ The cost of
20 a REC (as a RES compliance cost) cannot be recovered through the FAC.¹⁹ However, revenues
21 from the sale of RECs are recovered through Evergy Missouri West’s FAC as an off-set to fuel
22 costs. During the Review Period, the RES rule required Evergy Missouri West to provide at
23 least 15% of its retail sales using renewable energy resources. There were no REC expenses
24 submitted under the FAC program during this Review Period.

25 In Case No. EO-2022-0065, a Non-Unanimous Stipulation and Agreement was filed on
26 July 25, 2022, in regards to Evergy Missouri West selling excess RECs, and the Commission
27 issued its *Order Approving Stipulation and Agreement* on September 14, 2022²⁰. Within this

¹⁶ 20 CSR 4240-20.100(5)(B).

¹⁷ Prior Department of Economic Development – Division of Energy.

¹⁸ 20 CSR 4240-20.100(6)(B)(5)(J).

¹⁹ 20 CSR 4240-20.100(6)(A)(16).

²⁰ Non-Unanimous Stipulation and Agreement filed on July 25, 2022 and Ordered by the Commission on September 14, 2022.

1 agreement it states, “The Company’s current REC sales procedure implemented in 2022 will
2 be included in the next Evergy Missouri Metro and Evergy Missouri West Fuel Adjustment
3 Rate (FAR) filings.” Subsequently, Evergy Missouri West began selling some of its excess
4 RECs starting February 1, 2022.

5 Staff reviewed Evergy Missouri West’s 2024 RES Compliance Plan²¹, and all sources
6 suggest the number of wind purchased power (PPA) RECs will continue to increase in the
7 coming years. Staff reviewed all of the RECs sold during the Review Period, and the total
8 amount of REC revenues was ** [REDACTED] **.

9 **2. Summary of Cost Implications**

10 Evergy Missouri West started selling excess RECs in 2022. The revenues from the sale
11 of excess RECs is a partial offset to fuel and purchased power costs. However, since the amount
12 of excess RECs continues to increase, Staff will continue to monitor the management of the
13 Company’s REC assets including, but not limited to, the amount and vintage dates of excess
14 RECs being sold.

15 **3. Conclusion**

16 Staff found no indication that Evergy Missouri West imprudently sold RECs during this
17 review period. However, Staff will continue to monitor the management of selling RECs to
18 ensure the maximum amount of revenues.

19 **4. Documents Reviewed**

- 20 a. Evergy Missouri West’s responses to Data Request Nos. 0042, 0042.1, 0042.2,
21 0044, 0055, 0056, and 0068
- 22 b. File No. ER-2023-0444
- 23 c. File No. ER-2024-0205
- 24 d. File No. ER-2024-0382; and
- 25 e. File No. EO-2024-0300- Evergy Missouri West 2024 Annual Renewable
26 Energy Standard Compliance Plan;

27 *Staff Expert/Witness: Amanda C. Conner*

²¹ RES Compliance Plan Case No. EO-2024-0300.

K. Purchased Power Costs

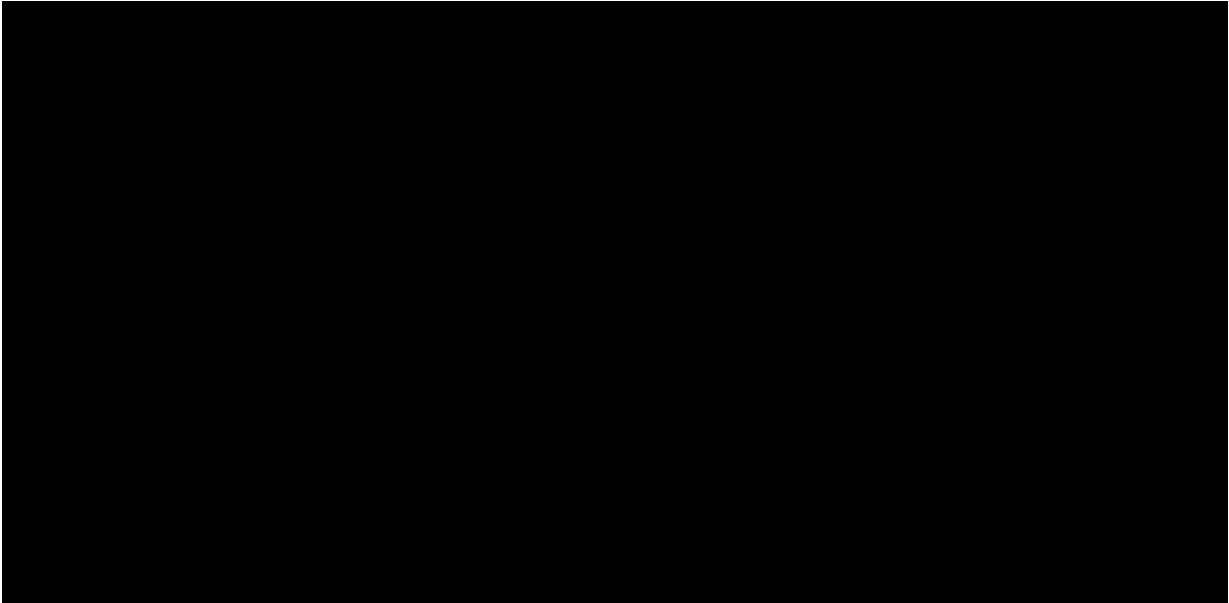
1. Description

There were two tariff sheets that were in effect during this Review Period. Evergy Missouri West’s FAC P.S.C. MO No. 1, 2nd Revised Sheet No. 127.15 was in effect December 1, 2022 through January 8, 2023. Evergy Missouri West’s FAC P.S.C. Evergy Missouri West’s FAC 1st Revised Sheet No. 127.26, was in effect January 9, 2023 through May 31, 2024, defines the Purchased Power Costs (“PP”) components, which are purchases of power through the SPP Integrated Market (“SPP IM”) and not energy generated by the Company.

Staff has determined that Evergy Missouri West’s total purchased power expense for the Review Period is ** [REDACTED] ** as shown previously in Confidential Table 2. More detail for the cost of Purchased Power is shown in Confidential Table 11 below.

Table 11 - Confidential

**



**

Non-Firm Short-term Energy

Since SPP implemented the IM on March 1, 2014, SPP has controlled the economic dispatch of Evergy Missouri West’s generation. During times that Evergy Missouri West’s load exceeds Evergy Missouri West’s generation, Evergy Missouri West becomes a net

1 purchaser in the SPP market. These SPP market purchases are from other electric suppliers to
2 help meet Evergy Missouri West’s retail load during times of forced or planned plant outages
3 and during times when the market price is below the marginal cost of providing that energy
4 from Evergy Missouri West’s generating units. Under the SPP IM, Evergy Missouri West’s
5 generation is offered to the SPP IM and energy needed for native load requirements is purchased
6 from the SPP market. “Spot purchases and sales are made based upon SPP market and
7 system operating conditions for the entire SPP footprint.”²² Costs for the IM purchases are
8 included as “Non-Firm Short-term Energy” in Confidential Tables 2 and 11 of this Report.
9 Further discussion of Evergy Missouri West’s participation in these markets can be found in
10 Section III.A. of this report.

11 Long-Term Purchased Power Agreements

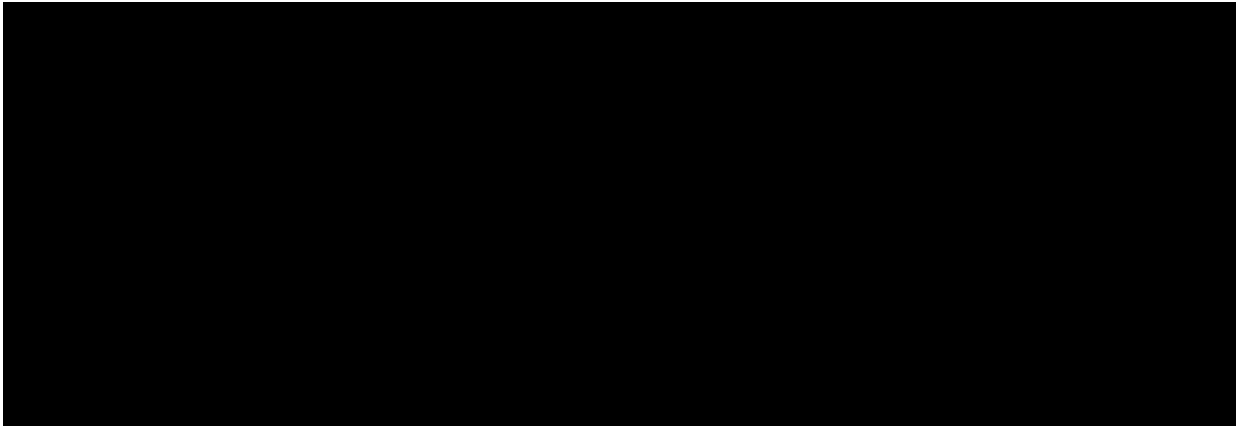
12 Evergy Missouri West has ** [REDACTED]

13 [REDACTED]
14 [REDACTED]**. These contracts are “take-or pay” contracts for renewable wind energy and RECs
15 (i.e., Evergy Missouri West has to receive and pay for the energy whether it needs the energy
16 or not), which is a standard feature of many wind PPAs. The contract is for the energy and
17 RECs generated by the wind farm. The total fixed energy contract price per MWh, the amount
18 of capacity per MW, the number of years for each contract, the expiration date for each contract,
19 and the total cost of electricity with revenue associated with sales and the results of a net
20 loss/gain for the Review Period are included in the Confidential Table 12 below.

²² Data Request Response No. 0016 in Case No. EO-2025-0074.

Table 12 - Confidential

**



**

Staff also reviews long-term purchased power contracts during a general rate case. As a result of that review, a determination is made regarding what generation plants and purchased power contracts should be input into Staff’s fuel model. The outcome of the most recent general rate case is taken into consideration regarding the prudence of long-term purchased power contracts. Staff also considers the Company’s Integrated Resource Plan (“IRP”) and IRP Annual Updates regarding long-term purchased power contracts.

Staff has recommended disallowances for certain purchased power contracts in the past, and has brought these issues up in past IRP’s, rate cases, and during the immediately preceding FAC prudence review. However, during this prudence review period Staff did not find any imprudence. Staff will continue to monitor the management of the Company’s PPA’s.

2. Summary of Cost Implication

If Evergy Missouri West did not manage its purchase power contracts properly, ratepayer harm could result from an increase in costs collected through the FAC.

3. Conclusion

Staff found no indication of imprudence by Evergy Missouri West for purchasing short-term capacity or impacts from long-term purchased power contracts or purchasing energy in the SPP IM market.

1 **4. Documents Reviewed**

- 2 a. Evergy Missouri West’s responses to Staff Data Request Nos. 0001, 0002, 0015,
3 0016, 0018, 0019, 0020, 0023, 0051, and 0064;
4 b. PPA Contracts;
5 c. Evergy Missouri West’s responses to Staff Data Request No. 0020 in File
6 No. EO-2023-0277;
7 d. Staff Report in Case No. EO-2022-0202 and EO-2023-0213; and
8 f. Section III.A. of this report.

9 *Staff Experts/Witnesses: Amanda C. Conner*

10 **IV. INTEREST**

11 **1. Description**

12 During each accumulation period, Evergy Missouri West is required to calculate a
13 monthly interest amount based on Evergy Missouri West’s short-term debt borrowing rate that
14 is applied to the under-recovered or over-recovered fuel and purchased power costs.
15 Evergy Missouri West’s short-term debt rate is calculated using the daily one-month
16 United States Dollar London Interbank Offered Rate (“LIBOR”), using the last previous actual
17 rate for weekends and holidays or dates without an available LIBOR, and the
18 Applicable Margin for Eurodollar Advances. A simple mathematical average of all the daily
19 rates for the month is then computed. For the Review Period, Evergy Missouri West’s average
20 monthly interest rate from December 1, 2022 through May 31, 2024 was ** [REDACTED] ** with the
21 total amount of interest accumulated for the period of ** [REDACTED] **. The interest amount
22 is component “I” of Evergy Missouri West’s FAC.

23 **2. Summary of Interest Implications**

24 If Evergy Missouri West imprudently calculated the monthly interest amounts or used
25 short-term debt borrowing rates that did not fairly represent the actual cost of Evergy Missouri
26 West’s short-term debt, ratepayers could be harmed by FAC charges that are too high.

1 **3. Conclusion**

2 Staff found no evidence Evergy Missouri West imprudently determined the monthly
3 interest amount that was applied to the under-recovered or over-recovered fuel and purchased
4 power costs.

5 **4. Documents Reviewed**

- 6 a. Evergy Missouri West’s responses to Staff Data Request Nos. 0001 and 0066;
7 b. Evergy Missouri West’s monthly interest calculation work papers in support of
8 the interest calculation amount on the under-recovered or over-recovered
9 balance; and
10 c. Evergy Missouri West’s monthly reports, FAR Filings, and related work papers
11 for AP 32, 33, and 34.

12 *Staff Expert/Witness: Stacy Henderson*

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Twelfth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) File No. EO-2025-0074
Adjustment Clause of Evergy Missouri West,)
Inc. d/b/a Evergy Missouri West)

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, AMANDA C. CONNER, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

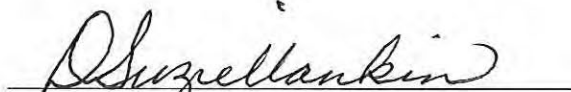
Further the Affiant sayeth not.


AMANDA C. CONNER

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 27th day of February 2025.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Twelfth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) File No. EO-2025-0074
Adjustment Clause of Evergy Missouri West,)
Inc. d/b/a Evergy Missouri West)

AFFIDAVIT OF TERESA DENNEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, TERESA DENNEY, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

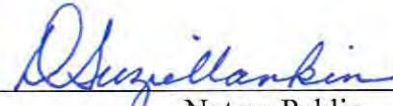


TERESA DENNEY

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 27th day of February 2025.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Twelfth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) File No. EO-2025-0074
Adjustment Clause of Evergy Missouri West,)
Inc. d/b/a Evergy Missouri West)

AFFIDAVIT OF STACY HENDERSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, STACY HENDERSON, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

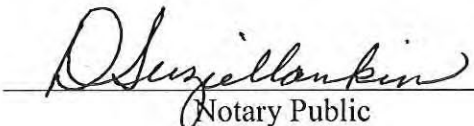


STACY HENDERSON

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 26th day of February 2025.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Twelfth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) File No. EO-2025-0074
Adjustment Clause of Evergy Missouri West,)
Inc. d/b/a Evergy Missouri West)

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, BROOKE MASTROGIANNIS, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.




BROOKE MASTROGIANNIS

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 27th day of February 2025.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public