FILED
November 9, 2026
Missouri Public
Service Commission

Exhibit No. 106

Staff – Exhibit 106
Direct Testimony of Stacy Henderson
Case No. ER-2026-0143

Exhibit No.:
Issue(s): *Fuel Adjustment Clause*
Witness: *Stacy Henderson*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *ER-2026-0143*
Date Testimony Prepared: *June 30, 2026*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

DIRECT TESTIMONY
REVENUE REQUIREMENT

OF

STACY HENDERSON

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

CASE NO. ER-2026-0143

Jefferson City, Missouri
June 2026

TABLE OF CONTENTS OF

DIRECT TESTIMONY OF

STACY HENDERSON

EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO

CASE NO. ER-2026-0143

EXECUTIVE SUMMARY 1

HISTORY 3

CONTINUATION OF FAC 4

VOLTAGE ADJUSTMENT FACTOR 7

FAC TRANSMISSION SHARING PERCENTAGE 7

STAFF'S PROPOSED FAC CHANGES 8

ADDITIONAL REPORTING REQUIREMENTS 9

DIRECT TESTIMONY

OF

STACY HENDERSON

EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO

CASE NO. ER-2026-0143

Please state your name and business address.

A. My name is Stacy Henderson, and my business address is Missouri Public Service Commission, 200 Madison Street, P.O. Box 360, Jefferson City, Missouri 65102.

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

A. I am employed by the Missouri Public Service Commission ("Commission") as a Senior Utility Regulatory Auditor.

Q. Please describe your educational background and work experience.

A. Please refer to Schedule SLH-d1 attached hereto.

Q. Have you previously filed testimony before this Commission?

A. This is the first case in which I have filed testimony. However, please refer to Schedule SLH-d1 for a list of cases in which I have previously led or participated in.

EXECUTIVE SUMMARY

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to provide the policy and the history of the Fuel Adjustment Clause ("FAC") for Evergy Missouri Metro, Inc., d/b/a Evergy Missouri Metro ("EMM"), as well as the recommendation of continuing

EMM's FAC. I will also provide a few additional recommendations to EMM's current FAC tariff sheets.

Q. In summary, what are Staff's recommendations regarding EMM's FAC to the Commission?

A. In summary, Staff recommends the following:

1. Continue EMM's FAC with modifications;
   a. Continue to include the Base Factor[1] in the FAC tariff sheet for EMM, calculated from the Net Base Energy Cost[2] ("NBEC") that the Commission includes in the revenue requirement upon which it sets EMM's general rates in this case;
   b. Continue to include Southwest Power Pool ("SPP") transmission costs that EMM incurs for purchased power and off-system sales ("OSS") in EMM's FAC, as the current FAC tariff sheet allows; and
   c. Continue to provide monthly FAC reports to aid Staff in performing FAC tariff, prudence, and true-up reviews; these filings should specifically be included within the current monthly filings (refer to Schedule SLH-d2).

Q. Do other Staff witnesses discuss the FAC?

[1] Base Factor is defined in EMM's Original Sheet No. 50.32 as Company's base factor costs per kWh.
[2] Net Base Energy Cost is defined in EMM's Original Sheet No. 50.32 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".

A. Yes. Staff witness Brooke Mastrogiannis discusses the FAC, its relationship to large load customers, and will provide Staff's recommended FAC base factor in this case.

HISTORY

Q. Please describe the history of EMM's FAC.

A. The Commission first authorized a FAC for EMM in its Report and Order in EMM's 2015 general electric rate proceeding (Case No. ER-2014-0370), with the original FAC tariff sheets becoming effective September 29, 2015. EMM is requesting continuance of the FAC in this rate case. The primary features of EMM's present FAC (tariff sheets numbered 50.32 through 50.41) include:

- Two six-month accumulation periods: June through November and December through May;
- Two 12-month recovery periods: March through February and September through August;
- Two fuel adjustment rate ("FAR") filings annually, not later than January 1 and July 1;
- A 95%/5% sharing mechanism;[3]
- FARs for individual service classifications are rounded to the nearest $0.00001, and charged on each applicable kWh billed;
- True-up of any over- or under-recovery of revenues following each recovery period, with true-up amounts being included in determination of FARs for a subsequent recovery period; and

[3] The FAC requires EMM to accumulate its total energy costs over a six-month accumulation period, followed by a six-month recovery period during which 95% of the over- or under-recovery of Total Energy Costs over or under the Base Energy Costs is either returned to or collected from customers. This mechanism allows the Company to retain 5% of any over-collected amounts and requires the Company to absorb 5% of any under-collected amounts for each accumulation period.

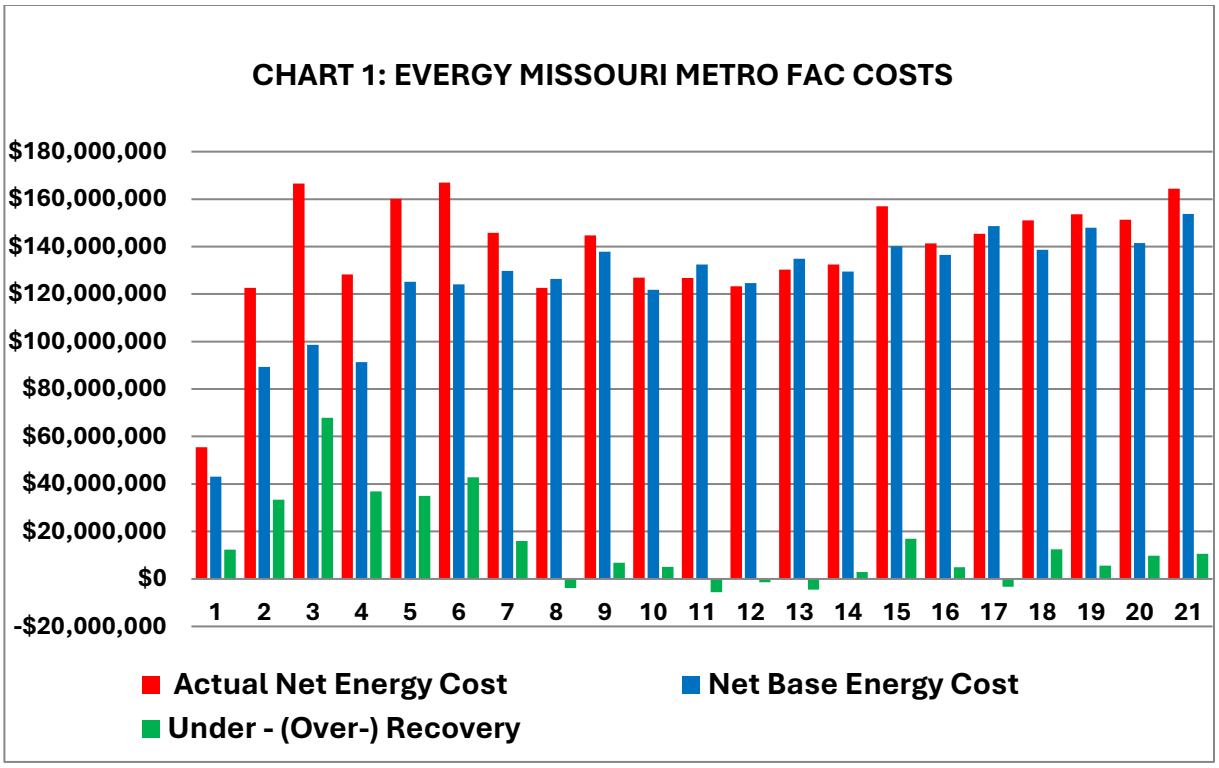
- Prudence reviews of the costs subject to the FAC shall occur no less frequently than every eighteen (18) months.

In EMM's 2022 rate case (Case No. ER-2022-0129), the Base Factor was set at $0.01829 per kWh. In the current proceeding, EMM proposes to re-base the Base Factor to $0.01741 per kWh.

CONTINUATION OF FAC

Q. Please explain the historical operation of EMM's FAC.

A. EMM has filed for and received approval of changes to its FARs for twenty-one (21) completed accumulation periods ("AP") (AP1 through AP21). Chart 1 shows that EMM's Actual Net Energy Cost ("ANEC") has exceeded the then-effective Base Factors multiplied by monthly usage billed to EMM's customers in sixteen (16) out of the twenty-one (21) completed accumulation periods and are illustrated as under-recovery amounts prior to application of the jurisdictional factor.



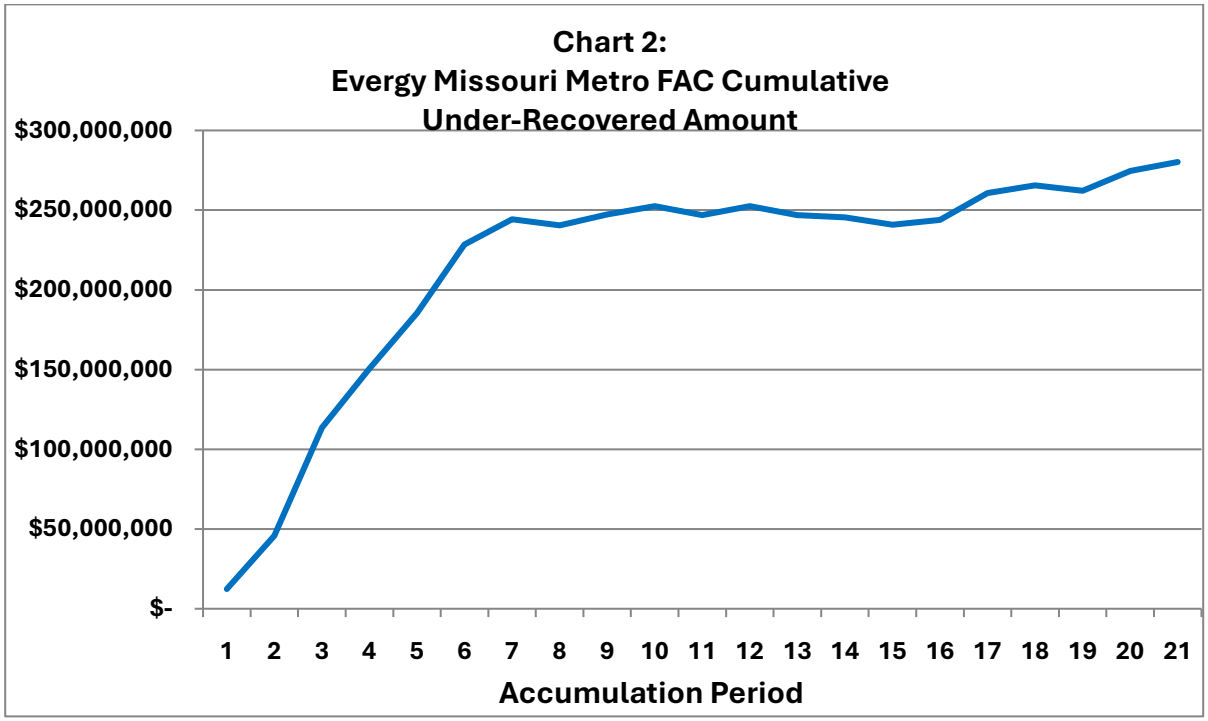
During five accumulation periods, EMM's NBEC exceeded ANEC; 95% of such excess amounts were returned to customers during those five recovery periods ("RP"). In sixteen (16) of its accumulation periods, EMM under-collected its ANEC, and 95% of the amounts of under-collection were recovered from EMM's customers during those recovery periods.

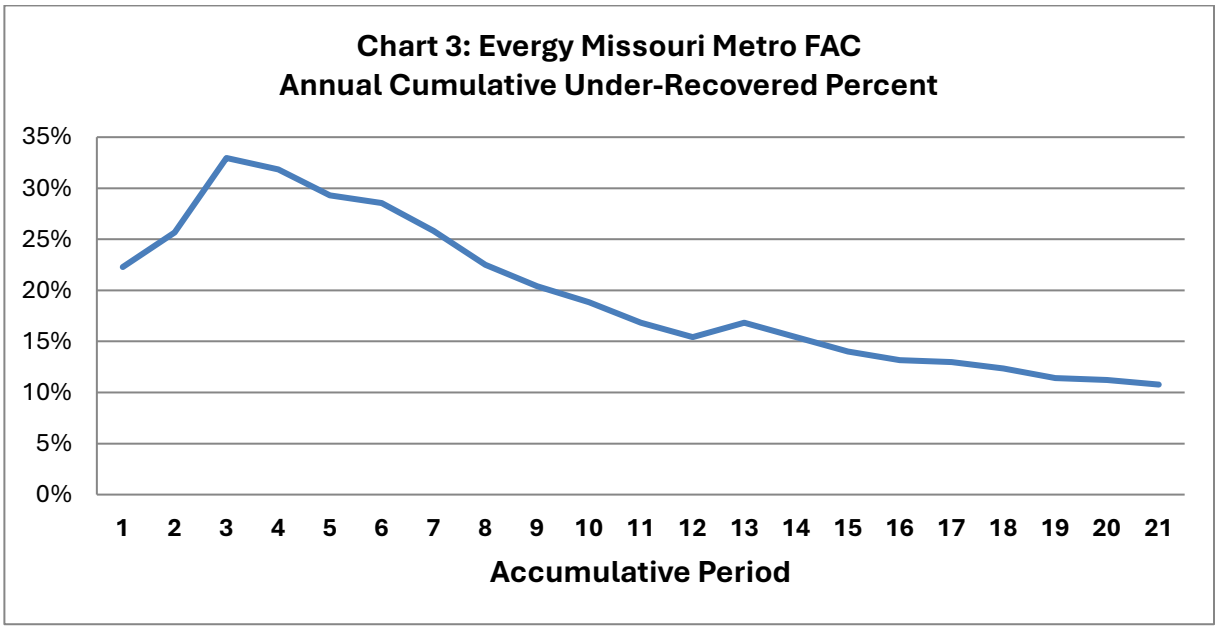
Q. What do EMM's actual FAC costs include?

A. Actual FAC costs include: EMM's total booked costs as allocated for fuel consumed in their generating units; purchased power energy charges, including applicable transmission fees; SPP variable costs; air quality control system consumables, such as anhydrous ammonia, limestone and powder activated carbon; and net emission allowance costs. Actual FAC costs are offset by actual revenue from Off-System Sales and actual revenue from the sale of Renewable Energy Credits.

Q. Has EMM under recovered any amount?

A. Charts 2 and 3 illustrate EMM's cumulative under-recovered amount over ten (10) years is approximately $280 million or about 11% of the cumulative ANEC.





Q. Does Staff recommend the continuation of EMM's FAC? If so, explain why.

A. Yes. Staff recommends that the Commission approve, with modifications, the continuation of EMM's FAC. As shown in the previous charts and discussion, EMM's ANEC continues to be relatively large and volatile.

VOLTAGE ADJUSTMENT FACTOR

Q. What is the Voltage Adjustment Factor ("VAF") and how does it relate to the FAC?

A. VAFs adjust for the energy losses experienced in the delivery of electricity from the generator to customers with secondary, primary, high voltage, and transmission levels. These VAFs are utilized in Staff's determination of a FAR for each voltage service classification. Staff witness Alan J. Bax addresses the VAFs in his direct testimony.

FAC TRANSMISSION SHARING PERCENTAGE

Q. What is EMM proposing to be included in the FAC for SPP transmission costs?

A. EMM proposes to reduce the pass-through percentage of SPP transmission costs from 28.50% to 26.55%.

Q. What does Staff recommend for SPP transmission costs?

A. Staff's position is to retain the existing calculation for SPP transmission costs, which is the percentage of total purchases over total market load. As provided in Staff witness Brodrick Niemeier's workpapers, Staff calculated the pass-through percentage of SPP transmission costs in the FAC as 38.1%. This calculation is based on

the output from Staff's fuel models that were used to develop the revenue requirement for this case.

STAFF'S PROPOSED FAC CHANGES

Q. Does staff propose any changes to EMM's current FAC tariff sheets?

A. Yes. In anticipating another big winter storm and to mitigate potential large rate shock for customers, Staff proposes to include the following language to the FAC tariff sheets in case such an event occurs:

> Notwithstanding that each RP covers a period of twelve months, when an extraordinary event has occurred that results in an increase to actual net energy costs in an accumulation period, for good cause shown, subject to Commission approval after an opportunity for any party to be heard, the Company shall defer recovery beyond twelve months over a period determined by the Commission upon a finding that the magnitude of the increase on customers of recovering the difference between actual net energy costs and net base energy costs for that accumulation period should be mitigated. The difference not recovered within the twelve-month recovery period applicable to the accumulation period at issue will be added to subsequent recovery periods until recovered with a true-up at the end of the Commission approved extended recovery period.

Additionally, Staff witness Brooke Mastrogiannis discusses the interaction of large load customers and the FAC.

Q. Does Staff have any additional proposed changes to EMM's current tariff sheets?

A. Yes. EMM's current fuel cost definition for subaccount 501400 is "residuals costs and revenues associated with combustion byproducts, slag and ash disposal costs and revenues including contractors, materials and other miscellaneous expenses." Staff believes the wording "other miscellaneous expenses" is too vague and

not specifically related to fuel residuals. Staff recommends removing these words from the definition; EMM should recommend specific fuel residual terms, if necessary.

ADDITIONAL REPORTING REQUIREMENTS

Q. What additional reporting requirements are Staff proposing for EMM?

A. Due to the accelerated Staff review process necessary with FAC adjustment filings,[4] Staff recommends the Commission order EMM to continue to provide the following information as part of its monthly reports or at Staff's request:

1. Monthly SPP market settlements and revenue neutrality uplift charges;
2. FAC monthly reports; (as illustrated in schedule SLH – d2)
3. Within 30 calendar days of the effective date of each and every coal and coal transportation, natural gas, fuel oil, nuclear fuel, and purchased power contract EMM enters into, EMM provide both notice to the Staff of the contract and opportunity to review the contract at EMM's corporate headquarters or at some other mutually-agreed-upon place;
4. Maintain at EMM's corporate headquarters or at some other mutually agreed-upon place and make available within a mutually-agreed-upon time for review, a copy of each and every coal and coal transportation, natural gas, fuel oil and nuclear fuel contract EMM has that is in or was in effect for the previous four years;
5. Provide Staff with a monthly natural gas fuel report that includes all transactions, spot and longer term; the report will include term, volumes, price, and analysis of number of bids;

[4] The Company must file its FAC adjustment 60 calendar days prior to the effective date of its proposed tariff sheet. Staff has 30 calendar days to review the filing and make a recommendation to the Commission. The Commission then has 30 calendar days to approve or deny Staff's recommendation.

6. Notify Staff within 30 calendar days of any material change in EMM's fuel hedging policy and provide the Staff with access to new written policy;

7. Provide to Staff its Missouri Fuel Adjustment Interest calculation workpapers in electronic format with all formulas intact when EMM files for a change in the cost adjustment factor;

8. Provide a copy of EMM's internal policy for participating in SPP's Integrated Market;

9. If EMM revises any internal policy for participating in SPP, within 30 calendar days of that revision, provide a copy of the revised policy with the revisions identified for Staff to retain; and, the monthly as-burned fuel report supplied by EMM required by 20 CSR 4240-3.190(1)(B) shall explicitly designate fixed and variable components of the average cost per unit burned including commodity, transportation, emissions, tax, fuel blend, and any additional fixed or variable costs associated with the average cost per unit reported.

10. Maintain at EMM's corporate headquarters or at some other mutually agreed-upon place and make available within a mutually agreed-upon time for review, a copy of each and every bilateral energy or demand sales/purchase contract;

11. Continue to provide Staff access to all contracts and policies upon Staff's request, at EMM's corporate office in Kansas City, Missouri; and

12. Include in its FAC monthly reports, the amounts of TCRs and ARRs that are attributed to each purchased power agreement, specifically reported in tab 5(K)3.

Q. Does this conclude your direct testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2026-0143

AFFIDAVIT OF STACY L. HENDERSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW STACY L. HENDERSON and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony-Revenue Requirement*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

STACY L. 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 23rd day of June 2026.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2029
Commission Number: 12412070

Notary Public

Stacy L. Henderson

Educational Background

I received a Bachelor of Science Degree in Accounting from William Woods University in December of 2006.

Employment History

In April 2024, I joined the Missouri Public Service Commission as a Senior Utility Regulatory Auditor, in this position, I perform extensive examinations of utility companies' Missouri Energy Efficiency Investment Act ("MEEIA") prudence reviews, Fuel Adjustment Clause ("FAC") prudence reviews, rate cases, etc. I prepare work papers to report audit results and provide written testimony to detail the findings of the audit.

Prior to joining the Commission, my previous work experience includes employment with Missouri Department of Health and Senior Service, Missouri State Auditor's office and Department of Corrections. With Missouri Department of Health and Senior Services, I managed various grants for Maternal and Child Health and Adult Brain Injury as well as monitored payroll and budgets for various programs. During my time at the State Auditor's office, I audited various state agencies and local county offices. With Missouri Department of Corrections, my duties included managing a team of 15 where we tracked and paid bills for all institutions as well as the Missouri Probation and Parole offices.

Stacy Henderson
Case Participation
Senior Utility Regulatory Auditor

Company Name	Case Number	Testimony/Issues
Evergy Missouri West/ Evergy Missouri Metro	ER-2024-0382/ EO-2024-0381	July 2024 FAR/True Up Filing – Lead Staff
Evergy Missouri Metro	EO-2025-0324	July 2024 MEEIA Prudence Review– EM&V - Interest
Liberty (Empire)	ER-2025-0125/ EO-2025-0126	October 2024 FAR/True Up Filing – Lead Staff
Evergy Missouri West	ER-2025-0194/ EO-2025-0193	January 2026 FAR/True Up Filing – Lead Staff
Evergy Missouri West/ Evergy Missouri Metro	EO-2025-0074/ EO-2025-0073	February 2025 FAC Prudence Review
Ameren	EO-2025-0169	April 2025 MEEIA Prudence Review – Program cost – Implementation Contractors – Billed Program Cost
Ameren	EO-2025-0236	August 2025 FAC Prudence Review
Evergy Missouri West	EO-2025-0323	October 2025 MEEIA Prudence Review – Interest Cost – Implementation Contractors
Evergy Missouri Metro	ER-2026-0191/ EO-2026-0190	February 2026 FAR/True Up Filing – Lead Staff
Liberty (Empire)	EO-2026-0057	March 2026 FAC Prudence Review
Ameren	ER-2026-0257/ EO-2026-0258	April 2026 FAR/True Up Filing – Lead Staff
Liberty (Empire)	EO-2026-0117	April 2026 MEEIA Prudence Review– Administrative Costs – Implementation Contracts

MONTHLY FILINGS REQUESTED FROM EVERGY METRO
Schedule SLH - d2

Tab Number	DESCRIPTION
	Evergy Metro LMP
	TCR Portfolio Summary
5A	Energy usage in kWh by rate class and voltage level
5B	Net base energy cost billed by rate class and voltage level
5C	Revenues from billed FARs by voltage level
5D	Fuel and purchase power costs and fuel related revenues by account
5E - F	Energy and Capacity
5G	reason for the purchse of capacity in RTO markets
5H 1-5.1	Fuel Statistics - totals
5H 1-5.2	Fuel Statistics - Wolf Creek
5H 1-5.3	Fuel Statistics - Fossil
5H 1-5.4	Fuel Statistics - Hawthorn 5
5H 1-5.5	Fuel Statistics - Iatan 1
5H 1-5.6	Fuel Statistics - Iatan 2
5H 1-5.7	Fuel Statistics - La Cygne 1
5H 1-5.8	Fuel Statistics - La Cygne 2
5H 1-5.9	Fuel Statistics - Montrose
5H 1-5.10	Fuel Statistics - Hawthorne 6 & 9
5H 1-5.11	Fuel Statistics - Hawthorne 7 & 8
5H 1-5.12	Fuel Statistics - West Gardner
5H 1-5.13	Fuel Statistics - Osawatomie
5H 1-5.14	Fuel Statistics - Northeast
5H 6.1 to 6.2	Cost of fuel purchased by fuel type and a breakdown between cost of the commodity, cost of freight and transportation
5H 7	Other fuel cost types designated in the RAM
5I	Detailed description of the accounts where each fuel and purchased power cost or fuel-related revenue is recorded
5J	Revision to the electric utility's internal policy
5K	Additional information that the commission has ordered (emission allowances)
5K 2	Additional information that the commission has ordered - Purchase power contracts detailing: MWh, costs, energy revenue received from SPP, TCR/ARR settlement from SPP, load offset settlement from SPP
5K 3	Additional information that the commission has ordered - Solar subscription update
5K 4	Additional information that the commission has ordered - Hawthorn Solar Subscription Revenue Requirement
5K 5	Additional information that the commission has ordered - Hawthorn Low-Income Solar Subscriptions Revenue Requirment