

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

In the Matter of Every Missouri West, Inc. d/b/a)
Every Missouri West’s Tariff Revision to)
Implement Rate Adjustments Required by) **File No. ER-2021-0185**
20 CSR 4240-20.090(8) and the Company’s) Tracking No. JE-2021-0136
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and for its *Staff Recommendation for Approval of Tariff Sheet* respectfully states:

1. On December 30, 2020, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) submitted direct testimony and one tariff sheet designed to implement an adjustment to its Fuel and Purchased Power Adjustment Clause (“FAC”). The submitted tariff sheet bears an effective date of March 1, 2021.

2. Concurrently on December 30, 2020, Evergy Missouri West submitted a true-up filing in File No. EO-2021-0186 to identify the net fuel costs it over- or under-charged customers during the twenty-fourth Recovery Period prescribed by its FAC. This amount is used when calculating the new Fuel Adjustment Rates (“FARs”) in this case.

3. The Commission ordered Staff to examine and analyze Evergy Missouri West’s filings in this case, and to file its recommendation no later than January 29, 2021, as required by Rule 20 CSR 4240-20.090(8).

4. Any party wishing to intervene was given a deadline of January 15, 2021 to file an application with the Commission. No parties have filed to intervene in this matter.

5. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order indicating the following revised tariff sheet Evergy Missouri West filed on December 30, 2020 become effective on March 1, 2021, by operation of law:

P.S.C. Mo. No. 1

4th Revised Sheet No. 127.23 Canceling 3rd Revised Sheet No. 127.23

6. Commission Rule 20 CSR 4240-20.090(8) states: "An electric utility that has a FAC shall file proposed tariff sheet(s) to adjust its FARs following each accumulation period." The rule requires Staff to "determine if the proposed adjustment to the FARs is in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established, continued, or modified in the utility's most recent general rate proceeding."¹

7. If so, "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..." the commission may reject the proposed rate sheets, suspend the timeline, set a prehearing date, and order the parties to propose a procedural schedule.²

8. Evergy Missouri West's filing in this case requests Commission approval of one tariff sheet bearing an effective date of March 1, 2021, that revises the current FARs in its FAC. The filing includes testimony and work papers of Evergy Missouri West witness

¹ Commission Rule 20 CSR 4240-20.090(8)(F).

² Commission Rule 20 CSR 4240-20.090(8)(H)1-3.

Lisa A. Starkebaum supporting the Company's calculation of the Fuel and Purchased Power Adjustment ("FPA").

9. The FPA amount, subject to prudence review, is \$9,893,155. This represents the total requested increase in the amount sought to be collected in customer FAC charges over the applicable recovery period. The FPA amount includes the difference between Annual Net Energy Costs ("ANEC") and Net Base Energy Cost ("B") the Company experienced during the 27th Accumulation Period, including application of the Commission approved 95 percent sharing ratio, plus the amount from the true-up for the 24th Recovery Period in File No. EO-2021-0186, and applicable interest.

10. The proposed changes to FARs will result in an increase to the typical Evergy Missouri West residential non-large customer's monthly bill (based on 1,000 kWh), before taxes, from (\$0.02) to \$0.81, for an increase of \$0.83.

11. Staff has verified that Evergy Missouri West has filed its 2019 annual report and is not delinquent on any assessment. Evergy Missouri West is current on its submission of its Surveillance Monitoring reports as required in 20 CSR 4240-20.090(6), and its periodic monthly reports as required by 20 CSR 4240-20.090(5). With the exception of the true-up filing in File No. EO-2021-0186, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order indicating the 4th Revised Sheet No. 127.23 Canceling 3rd Revised Sheet No. 127.23 become effective on March 1, 2021 by operation of law.

Respectfully Submitted,

/s/ Travis J. Pringle

Travis J. Pringle
Associate Counsel
Missouri Bar No. 71128
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Mo 65102-0360
(573) 751-4140 (Telephone)
(573) 751-9285 (Facsimile)
(Email) travis.pringle@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record on this 29th day of January, 2021.

/s/ Travis J. Pringle

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2021-0185, Tariff Tracking No. JE-2021-0136
Evergy Missouri West, Inc., d/b/a Evergy Missouri West

FROM: Brooke Mastrogiannis, Utility Regulatory Supervisor
Lisa Wildhaber, Senior Utility Regulatory Auditor
Cynthia M. Tandy, Senior Utility Regulatory Auditor

DATE: /s/ Brad J. Fortson 01-29-2021 /s/ Travis Pringle 01-29-2021
Energy Resources Department / Date Staff Counsel Department / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates
Related to Evergy Missouri West, Inc.'s, d/b/a Evergy Missouri West Fuel
Adjustment Clause Pursuant to the Commission's Report and Order in Case
No. ER-2018-0146

DATE: January 29, 2021

Staff Recommendation

On December 30, 2020, Evergy Missouri West, Inc., d/b/a Evergy Missouri West ("Evergy Missouri West") filed one (1) tariff sheet, 4th Revised Sheet No. 127.23, Canceling 3rd Revised Sheet No. 127.23, bearing a proposed effective date of March 1, 2021, to revise Evergy Missouri West's current annual Fuel Adjustment Rates ("FARs") (lines 16, 19, 22, and 25 on 4th Revised Sheet No. 127.23) of its Fuel Adjustment Clause ("FAC"). Evergy Missouri West filed the direct testimony of Lisa A. Starkebaum on December 30, 2020, and submitted to Staff work papers in support of the direct testimony and filed tariff sheet. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2021-0136 and ordered the Staff of the Missouri Public Service Commission ("Staff") to file its recommendation concerning the tariff sheet no later than January 29, 2021.

Staff recommends the Commission issue an order indicating proposed 4th Revised Sheet No. 127.23 Canceling 3rd Revised Sheet No. 127.23 of the FAC for Evergy Missouri West become effective on March 1, 2021, by operation of law.

Accumulation Period 27 FARs

The testimony and work papers include information supporting Eversource Missouri West's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of \$9,893,155 (line 11¹ of 4th Revised Sheet No. 127.23) for Accumulation Period 27 ("AP27") (June 1, 2020 through November 30, 2020) reflecting the sum of:

1. The amount of \$9,108,397 on line 7 of 4th Revised Sheet No. 127.23, which is equal to 95% of the difference between a) Eversource Missouri West's Missouri jurisdiction² Actual Net Energy Costs (ANEC) (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenue less renewable energy credit revenue) and b) Eversource Missouri West's Missouri jurisdiction Net Base Energy Cost;
2. The true-up amount³ reflected on line 8 of 4th Revised Sheet No. 127.23, of \$765,678; and
3. The interest amount reflected on line 9 of 4th Revised Sheet No. 127.23, of \$19,080.

The proposed Current Period Eversource Missouri West FAR of \$0.00112 per kWh (line 13 of 4th Revised Sheet No. 127.23) is equal to Eversource Missouri West's FPA amount of \$9,893,155 divided by the estimated Recovery Period 27 ("RP27")⁴ Retail Net System Input ("RNSI") at the generator level⁵ ("SRP") of 8,828,333,842 kWh (line 12 of 4th Revised Sheet No. 127.23).

Because of differences in line losses for secondary, primary, substation, and transmission secondary voltage service levels,⁶ tariff sheet lines 14, 17, 20, and 23 reflect different current

¹ Line 11 is the FPA amount subject to prudence review, line 11.1 is the PISA amount deferred to a PISA regulatory asset account, and line 11.2 is the FPA amount subject to recover in true-up.

² See line 4 of 4th Revised Sheet No. 127.23 and definition of J on Original Sheet No. 127.21.

³ The true-up amount was requested by Eversource Missouri West in its December 30, 2020 filing in File No. EO-2021-0186.

⁴ RP27 includes March 1, 2021 through February 28, 2022.

⁵ See definition of S_{RP} on Original Sheet No. 127.22.

⁶ The voltage adjustment factors (VAFs) for Eversource Missouri West for primary, secondary, substation and transmission voltage service levels are included on lines 26 through 29 of 4th Revised Sheet No. 127.23.

period FARs for service taken at secondary, primary, substation, and transmission voltage service levels.

The Accumulation Periods, Recovery Periods, and other specifications of Evergy Missouri West's FAC for AP27 are set out in its tariff sheets identified in the following table:

| For Service Provided December 6, 2018 and Thereafter |
|---|
| Original Sheet No. 127.13 |
| Original Sheet No. 127.14 |
| Original Sheet No. 127.15 |
| Original Sheet No. 127.16 |
| Original Sheet No. 127.17 |
| Original Sheet No. 127.18 |
| Original Sheet No. 127.19 |
| Original Sheet No. 127.20 |
| Original Sheet No. 127.21 |
| Original Sheet No. 127.22 |
| Original Sheet No. 127.23 |
| 1 st Revised Sheet No. 127.23 |
| 2nd Revised Sheet No. 127.23 |
| 3rd Revised Sheet No. 127.23 |

Listed below are Evergy Missouri West's proposed Current Annual FARs on 4th Revised Sheet No. 127.23, and the Evergy Missouri West Current Annual FARs on 3rd Revised Sheet No. 127.23 together with the changes between them for primary, secondary, substation, and transmission voltage service levels.

| Evergy Missouri West Current Annual Fuel Adjustment Rates \$ per kWh | | | |
|---|--|---|--------------------|
| Service | Proposed 4th Revised Sheet No. 127.23 | Now Effective 3rd Revised Sheet No. 127.23 | Difference |
| Secondary | \$0.00081 | (\$0.00002) | \$0.00083 Increase |
| Primary | \$0.00079 | (\$0.00002) | \$0.00081 Increase |
| Substation | \$0.00078 | (\$0.00002) | \$0.00080 Increase |
| Transmission | \$0.00078 | (\$0.00002) | \$0.00080 Increase |

The proposed changes to FARs will result in an increase to the typical Evergy Missouri West residential non-large customer’s monthly bill (based on 1,000 kWh) before taxes of \$0.83, i. e., from (\$0.02) to \$0.81.

In her direct testimony Ms. Starkebaum states:

Evergy Missouri West’s Actual Net Energy Costs (“ANEC”) are \$28 million higher in the 27th accumulation period as compared to the previous 26th accumulation period primarily due to a 40% increase in purchased power expense of \$26.6 million. Fuel costs are higher in the 27th accumulation period by \$7 million driven by 36% more generation. The 27th accumulation period of June through November is naturally warmer than the previous 26th accumulation period of December through May resulting in increased demand. Lastly, during the 27th accumulation period, there was an 89% increase in off-system sales revenues of \$5.2 million compared to the prior 26th accumulation period.⁷

Plant in Service Accounting (“PISA”) Deferrals Permitted Under Section 393.1400, RSMo, And Limitations On Rate Modifications Permitted Under Section 393.1655, RSMo

On December 31, 2018, Evergy Missouri West elected to make the deferrals set forth in Section 393.1400.5 RSMo - PISA effective January 1, 2019 through, at least, December 31, 2023. As stated in Lisa A. Starkebaum’s testimony:

⁷ Evergy Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 5, ln. 1-9.

The Company has performed the plant in service accounting (“PISA”) calculations to determine the impact, if any, of this semi-annual FAR filing on the Average Overall Rate and Class Average Overall Rate for the Large Power customer class as set forth in the rule under the provisions of section 393.1655 RSMo, rate cap limitations. The compound annual growth rate (“CAGR”) cap provisions of section 393.1655 RSMo. applied to this FAR filing are 6.8312% for the average overall rate cap and 4.5246% for the class average overall rate cap for Large Power customers. The change in the FAC charge proposed in this filing does not exceed the average overall rate by more than 6.8312% and, as such, the provisions of section 393.1655.5 do not affect this FAR filing. In addition, the Company is using projected Large Power sales to calculate a Large Power FAC rate. In accordance with section 393.1655.6 RSMo., the proposed FAC charge applicable to Large Power customers does not exceed 4.5246% of the class average overall rate for this rate class. Therefore, there are no PISA adjustments in this FAR filing.⁸

Based upon its FAR filing, Evergy Missouri West is not required to have separate rates for Large Power Service customers and Non-Large Power Service customers, pursuant to Section 393.1655, RSMo. Staff agrees that the 6.8312% for the overall rate cap and 4.5246% for the class average overall rate cap in Evergy Missouri West’s work papers does not result in separate rates for Large Power customers and Non-Large Power customers.

Southwest Power Pool (“SPP”) Charge Types

In Case Nos. EO-2021-0125⁹ and ER-2018-0146¹⁰, Evergy Missouri West filed a Notice of Adding New SPP Charge Types. The notice indicated that Evergy Missouri West’s tariff sheet No. 127.17 provides that the Company file a notice with the Commission 60 days prior to the Company including a new schedule, charge type cost or revenue in its next FAR filing. The Company plans to file new SPP charge types in its upcoming FAR filing on December 30, 2020. The notice further indicated that the Company notifies the Commission that SPP has added new charge types for the SPP Integrated Market (“IM”). New charge types to be included in the FAR related to Joint Operating Units (“JOU”) changes are: Day-Ahead Combined Interest Resource

⁸ *Id.*, pg. 5, ln. 12 through pg. 6, ln 3.

⁹ Filed on October 30, 2020.

¹⁰ Filed on November 23, 2020.

Adjustment Amount and Real Time Combined Interest Resource Adjustment Amount. These adjustment Combined Interest Resource (“CIR”) charge types are related to generator output, and will be recorded to FERC Account Number 447 and included in the FAR calculation within revenues from off-system sales, and also FERC Account Number 555 Purchased Power. The adjustment CIR charge types are not already included in the Company’s FAC tariff, however these charges would be consistent with revenue or purchased power produced by other resource settling with SPP. The notice further provided that Eversource Missouri West intends to include these new charge types in its next general rate case.

Eversource Missouri West’s response to Data Request No. 0001 provided further background and explanation for the new supplemental charge types. It is Staff’s understanding that JOU’s were previously registered in SPP as separate resources under separate asset owners with settlement amounts based on the ownership shares. The new modeling reflects the JOU’s as a single resource with combined interests, rather than as individual units, with final settlement in SPP based on the ownership shares. The charges are the same as what was previously reported on the SPP Settlement Statements; however, for the units registered as CIRs, the allocation of the settlement dollars to those CIRs will represent their designated ownership percentages. The response to Data Request No. 0002 states: “There is no change in costs due to these new SPP charge types. The Company believes these new charge types are just a supplement to the existing settlement types and provide a more detailed breakout.” Based on the response to Data Request Nos. 0001 and 0002, it is Staff’s understanding that the two new charge types are merely a reflection of the new modeling process, with no additional costs incurred due to the change in charge types.

Staff Review

Staff reviewed Eversource Missouri West’s proposed 4th Revised Sheet No. 127.23 Canceling 3rd Revised Sheet No. 127.23, the direct testimony of Eversource Missouri West witness Lisa A. Starkebaum and the work papers in this filing, in addition to Eversource Missouri West’s monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP27. Staff verified that the actual fuel and purchased power costs less off-system sales revenues match the fuel and purchased power costs less off-system sales revenues in Eversource Missouri West’s proposed 4th Revised Tariff Sheet No. 127.23. Staff reviewed Eversource Missouri West’s monthly interest

rates that are applied to 95% of the jurisdictional monthly cumulative under-/over- recovery of base fuel and purchased power costs for AP27 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

The information filed with the proposed tariff sheet and work papers includes sufficient data to calculate Eversource Missouri West's FARs based on the actual fuel, purchased power, emission allowance and transmission costs net of off-system sales revenue and renewable energy credit revenue provided by Eversource Missouri West for AP27.

Attachment A includes three charts providing a summary of Eversource Missouri West's twenty-seven (27) FAC rate adjustment filings. Chart 1 illustrates a) Eversource Missouri West's actual net energy cost, net base energy cost and under- (over-) recovery amounts for each accumulation period, and b) that there have been twenty-two (22) accumulation periods with under-recovered amounts and five (5) accumulation periods with over-recovered amounts (AP10, AP16, AP17, AP18, and AP26). Chart 2 illustrates Eversource Missouri West's FAC cumulative under-recovered amount at the end of each accumulation period with the cumulative under-recovered amount through AP27 of approximately \$314 million. Chart 3 illustrates Eversource Missouri West's FAC cumulative under-recovered percentage at the end of each accumulation period with the cumulative under-recovered percentage through AP27 of approximately 11%.

Staff Recommendation

Staff concludes that the tariff sheet filed on December 30, 2020, complies with the Commission's *Report and Order* in Case No. ER-2018-0146, Commission Rule 20 CSR 4240-20.090, and Eversource Missouri West's FAC as embodied in its tariff.

Eversource Missouri West requested that the 4th Revised Tariff Sheet No. 127.23 Canceling 3rd Revised Tariff Sheet No. 127.23, filed December 30, 2020, become effective on March 1, 2021. Based on its examination and analysis of the information Eversource Missouri West filed and submitted in this case, Staff recommends the Commission issue an order indicating the following proposed revised tariff sheet take effect by operation of law on March 1, 2021:

P.S.C. Mo. No. 1
4th Revised Sheet No. 127.23 Canceling 3rd Revised Sheet No. 127.23

Staff has verified that Evergy Missouri West is not delinquent on any assessment and has filed its 2019 Annual Report.¹¹ Evergy Missouri West is current on its submission of its Surveillance Monitoring reports as required in 20 CSR 4240-20.090(6) and its monthly reports as required by 20 CSR 4240-20.090(5). Except for Evergy Missouri West's RP24 true-up filing in File No. EO-2021-0186 (also filed on December 30, 2020), Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing. Staff's recommendation for the Current Period FARs is based solely on the accuracy of Evergy Missouri West's calculations, and is not indicative of the prudence of the fuel costs during AP27.

¹¹ On May 15, 2020, the Company filed their 2019 Annual Report. On June 2, 2020, Staff completed its review and no errors or omissions were identified, therefore the Annual Report has been accepted and placed on file with the Commission.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

| | | |
|---|---|-----------------------|
| In the Matter of Evergy Missouri West, Inc. |) | |
| d/b/a Evergy Missouri West's Tariff |) | File No. ER-2021-0185 |
| Revision to Implement Rate Adjustments |) | |
| Required by 20 CSR 4240-20.090(8) and the |) | |
| Company's Approved Fuel and Purchased |) | |
| Power Cost Recovery Mechanism |) | |

**AFFIDAVIT OF BROOKE MASTROGIANNIS,
LISA WILDHABER, CYNTHIA M. TANDY**

| | | |
|-------------------|---|-----|
| STATE OF MISSOURI |) | |
| |) | ss. |
| COUNTY OF COLE |) | |

COME NOW Brooke Mastrogiannis, Lisa Wildhaber, Cynthia M. Tandy, and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

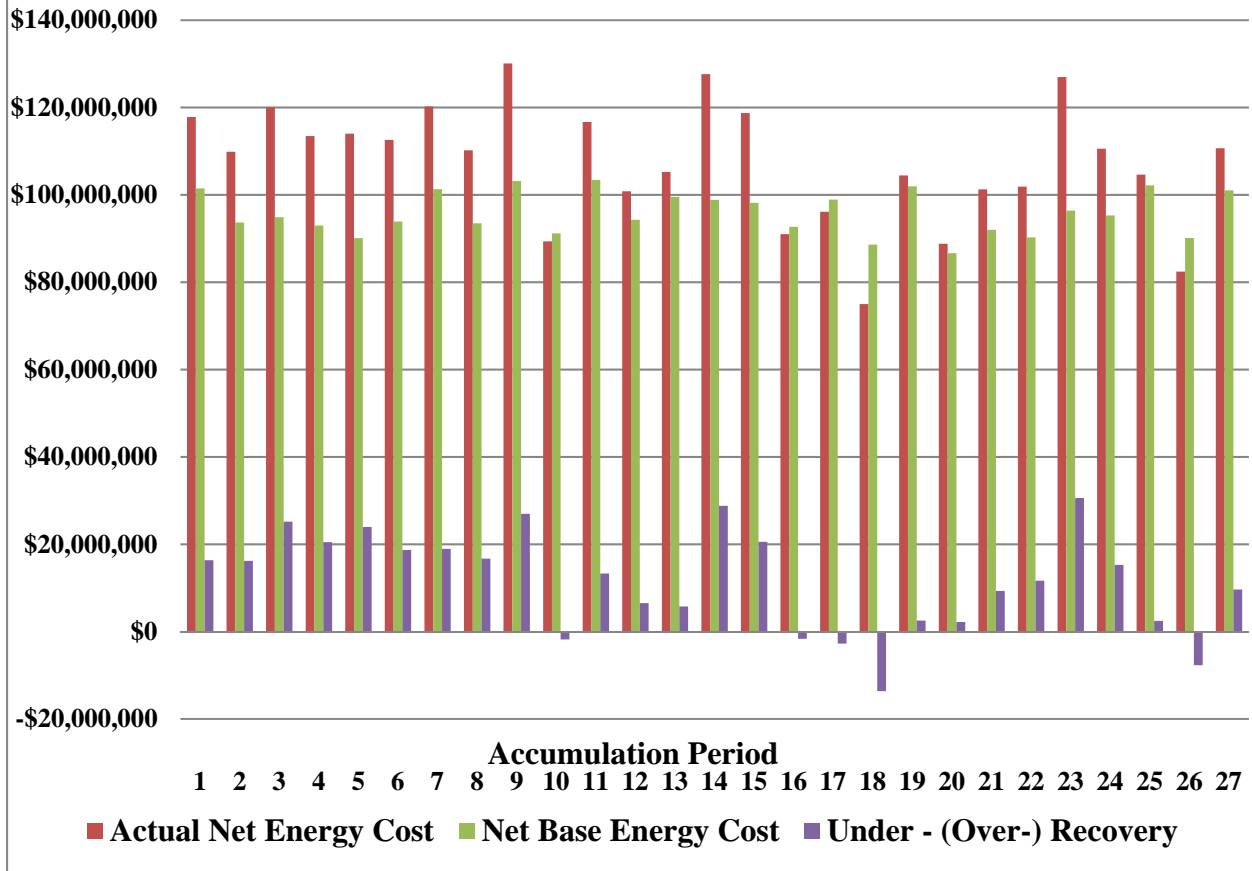
Further the Affiants sayeth not.

/s/ Brooke Mastrogiannis
Brooke Mastrogiannis

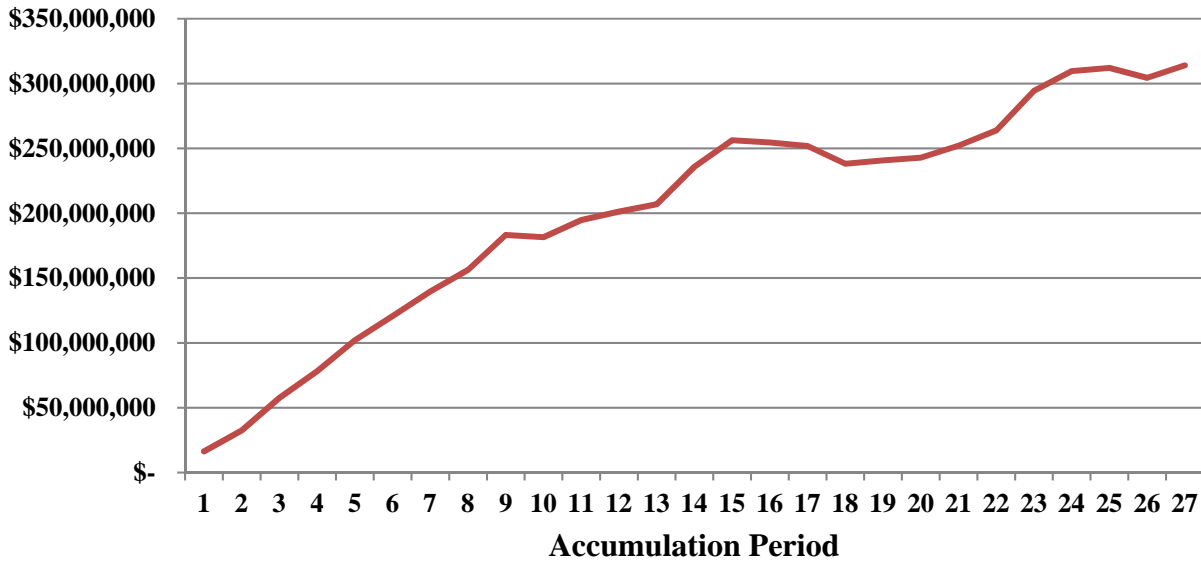
/s/ Lisa Wildhaber
Lisa Wildhaber

/s/ Cynthia M. Tandy
Cynthia M. Tandy

**Chart 1:
Energy MO West FAC Costs**



**Chart 2:
Every MO West FAC Cumulative Under-Recovered
Amount**



**Chart 3: Every MO West FAC Cumulative
Under-Recovered Percent**

