

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2022-0005, Tariff Tracking No. JE-2022-0002

FROM: Brooke Mastrogiannis, Utility Regulatory Supervisor
Amanda C. Conner, Utility Regulatory Auditor

DATE: /s/ Brooke Mastrogiannis 08-02-2021 /s/ Travis Pringle 08-02-2021
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: August 2, 2021

Staff Recommendation

On July 1, 2021, Evergy Missouri West, Inc., d/b/a Evergy Missouri West (“Evergy Missouri West”) filed one (1) tariff sheet, 5th Revised Sheet No. 127.23, Canceling 4th Revised Sheet No. 127.23, bearing a proposed effective date of September 1, 2021, to revise Evergy Missouri West’s current annual Fuel Adjustment Rates (“FARs”) (lines 16, 19, 22, and 25 on 5th Revised Sheet No. 127.23) of its Fuel Adjustment Clause (“FAC”). Evergy Missouri West also filed the direct testimony of Lisa A. Starkebaum on July 1, 2021, and submitted to Staff work papers in support of the direct testimony and filed tariff sheet. On July 23, 2021, Evergy Missouri West filed a substitute tariff sheet¹ and submitted to Staff work papers in support of the substitute tariff sheet. In Evergy Missouri West’s substitute filing letter it explained that the Company’s initial filing included a 3-year average baseline Net System Input (“NSI”);² however, the Company revised the FAC rate calculation to utilize actual February 2021 NSI. The Commission assigned the tariff sheet to Tariff Tracking No. JE-2022-0002, and ordered Staff to file its recommendation concerning the tariff sheet no later than August 2, 2021.

For Accumulation Period 28 (“AP28”), Evergy Missouri West’s actual total energy costs eligible for the FAC were significantly higher than the base energy cost included in

¹ Except as otherwise stated, all references herein to the tariff sheet in Tariff Tracking No. JE-2022-0002 shall be to the substitute proposed tariff sheet that Evergy Missouri Metro filed July 23, 2021.

² This three year baseline is based on actual numbers from February 2018, 2019, and 2020.

Evergy Missouri West's Missouri rates due to Winter Storm Uri in February 2021. Under normal circumstances, the Company would file a FAC rate tariff that is designed to recover 95 percent of the energy cost differences, or approximately \$288.4 million, which is the under-recovered balance for the full six month accumulation period. Evergy Missouri West, however, is seeking approval to defer³ \$297,316,445, which is the difference between actual February 2021 costs and the 3-year average for February, of what it states are extraordinary costs. This is pursuant to Commission Rule 20 CSR 4240-20.090(8)(A)2.A.(XI), which states, "For the period of historical costs which are being used to propose the fuel adjustment rates... Extraordinary costs not to be passed through, if any, due to such costs being an insured loss, or subject to reduction due to litigation or for any other reason."

Staff recommends the Commission issue an order approving the 5th Revised Sheet No. 127.23, as substituted on July 23, 2021, Canceling 4th Revised Sheet No. 127.23 of the FAC for Evergy Missouri West, to become effective on September 1, 2021.

Accumulation Period 28 FARs

The testimony and work papers include information supporting Evergy Missouri West's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of \$6,588,116 (line 11⁴ of 5th Revised Sheet No. 127.23) for AP28 (December 1, 2020 through May 31, 2021) reflecting the sum of:

1. The amount of \$6,988,633 on line 7 of 5th Revised Sheet No. 127.23, which is equal to 95% of the difference between a) Evergy Missouri West's Missouri jurisdiction⁵ Actual Net Energy Costs ("ANEC") (fuel costs plus net emission costs plus purchased power costs plus transmission costs less

³ On June 30, 2021, the Company filed its application for an Accounting Authority Order ("AAO") in Case No. EU-2021-0283, seeking authorization to track and defer for future recovery in a regulatory asset extraordinary costs related to the 2021 winter weather event.

⁴ 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.

⁵ See line 4 of 5th Revised Sheet No. 127.23 and definition of J on Original Sheet No. 127.21.

- off-system sales revenue less renewable energy credit revenue) and
b) Evergy Missouri West's Missouri jurisdiction Net Base Energy Cost;
2. The true-up amount⁶ reflected on line 8 of 5th Revised Sheet No. 127.23, of \$570,233;
 3. The interest amount reflected on line 9 of 5th Revised Sheet No. 127.23, of \$14,148; and
 4. The prudence adjustment amount⁷ reflected on line 10 of 5th Revised Sheet No. 127.23, of (\$984,898).

The proposed Current Period Evergy Missouri West FAR of \$0.00074 per kWh (line 13 of 5th Revised Sheet No. 127.23) is equal to Evergy Missouri West's FPA amount of \$6,588,116 divided by the estimated Recovery Period 28 ("RP28")⁸ Retail Net System Input ("RNSI") at the generator level⁹ ("SRP") of 8,845,063,903 kWh (line 12 of 5th Revised Sheet No. 127.23).

Because of differences in line losses for secondary, primary, substation, and transmission secondary voltage service levels,¹⁰ tariff sheet lines 14, 17, 20, and 23 reflect different current 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 AP28 are set out in its tariff sheets identified in the following table:

⁶ The true-up amount was requested by Evergy Missouri West in its July 1, 2021 filing in File No. EO-2022-0004.

⁷ The prudence adjustment amount was an Ordered Adjustment from Case No. EO-2020-0262.

⁸ RP28 includes September 1, 2021 through August 31, 2022.

⁹ See definition of SRP on Original Sheet No. 127.22.

¹⁰ The voltage adjustment factors (VAFs) for Evergy Missouri West for primary, secondary, substation and transmission voltage service levels are included on lines 26 through 29 of 5th Revised Sheet No. 127.23, as substituted July 23, 2021.

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
4th Revised Sheet No. 127.23

Listed below are Evergy Missouri West’s proposed Current Annual FARs on 5th Revised Sheet No. 127.23, and the Evergy Missouri West Current Annual FARs on 4rd 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 5th Revised Sheet No. 127.23	Currently Effective 4th Revised Sheet No. 127.23	Difference
Secondary	\$0.00194	\$0.00081	\$0.00113 Increase
Primary	\$0.00191	\$0.00079	\$0.00112 Increase
Substation	\$0.00188	\$0.00078	\$0.00110 Increase
Transmission	\$0.00188	\$0.00078	\$0.00110 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 \$1.13, i. e., from \$0.81 to \$1.94.

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 effective January 1, 2019 through, at least, December 31, 2023. As stated in Lisa A. Starkebaum's testimony:

Second, after removing the extraordinary costs associated with Winter Storm Uri, the Company performed the plant in service accounting ("PISA") calculations to determine the impact, if any, of this adjusted 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 8.4356% for the average overall rate cap and 5.5735% 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 8.4356% 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 5.5735% of the class average overall rate for this rate class. Therefore, there are no PISA adjustments in this FAR filing.¹¹

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 8.4356% for the overall rate cap and 5.5735% 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.

¹¹ Evergy Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 8, ln. 17 through pg. 9, ln. 9.

Staff Review

Staff reviewed Evergy Missouri West's proposed 5th Revised Sheet No. 127.23, as substituted on July 23, 2021, Canceling 4th Revised Sheet No. 127.23, the direct testimony of Evergy Missouri West witness Lisa A. Starkebaum and the work papers in this filing, in addition to Evergy Missouri West's monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP28. 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 Evergy Missouri West's proposed 5th Revised Tariff Sheet No. 127.23.¹² Staff reviewed Evergy 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 AP28 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 Evergy 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 Evergy Missouri West for AP28.

Attachment A includes three charts providing a summary of Evergy Missouri West's twenty-eight (28) FAC rate adjustment filings. Chart 1 illustrates a) Evergy 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-three (23) accumulation periods with under-recovered amounts and five (5) accumulation periods with over-recovered amounts (AP10, AP16, AP17, AP18, and AP26). Chart 2 illustrates Evergy Missouri West's FAC cumulative under-recovered amount at the end of each accumulation period with the cumulative under-recovered amount through AP28 of approximately \$321 million. Chart 3 illustrates Evergy Missouri West's FAC cumulative under-recovered percentage at the end of each

¹² Due to adjustments for Winter Storm Uri the actual February amounts are not included in this proposed 5th Revised Tariff Sheet No. 127.23.

accumulation period with the cumulative under-recovered percentage through AP28 of approximately 11%.

Staff Recommendation

Staff concludes that the tariff sheet as substituted on July 23, 2021, complies with the Commission's *Report and Order* in Case No. ER-2018-0146, Commission Rule 20 CSR 4240-20.090, and Evergy Missouri West's FAC as embodied in its tariff.

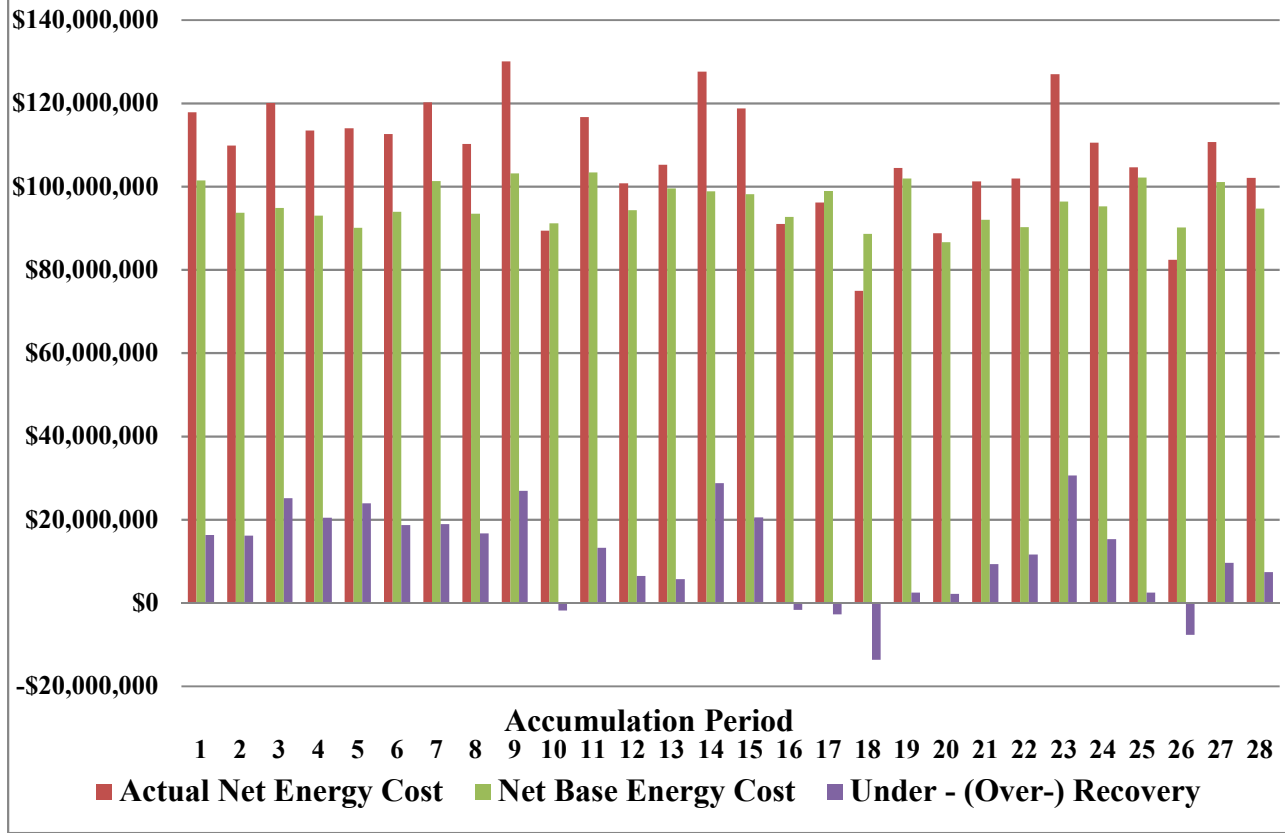
Evergy Missouri West requested that the 5th Revised Tariff Sheet No. 127.23 Canceling 4th Revised Tariff Sheet No. 127.23, as substituted on July 23, 2021, become effective on September 1, 2021. Based on its examination and analysis of the information Evergy Missouri West filed and submitted in this case, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet, as substituted on July 23, 2021, take effect on September 1, 2021:

P.S.C. Mo. No. 1
5th Revised Sheet No. 127.23 Canceling 4th Revised Sheet No. 127.23

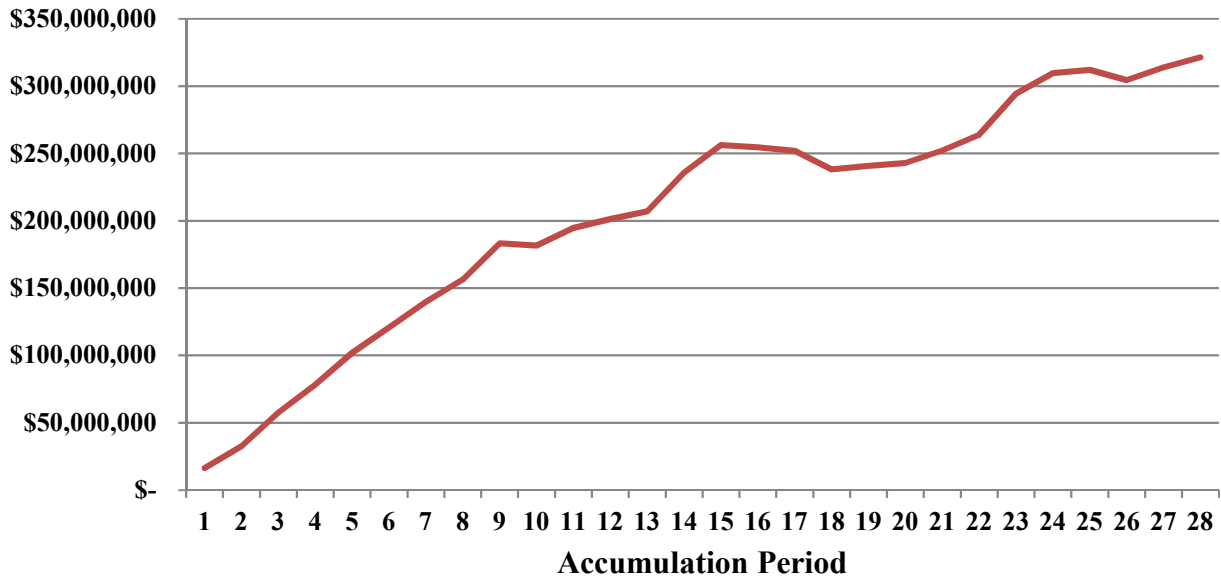
Staff has verified that Evergy Missouri West is not delinquent on any assessment and has filed its 2020 Annual Report.¹³ Evergy Missouri West is current on its submission of its Surveillance Monitoring reports as required in 20 CSR 4240-20.090(6) and its monthly reports as required by 20 CSR 4240-20.090(5). Except for Evergy Missouri West's RP25 true-up filing in File No. EO-2022-0004 (also filed on July 1, 2021), 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 AP28.

¹³ On May 13, 2021, the Company filed their 2020 Annual Report. On June 23, 2021, 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.

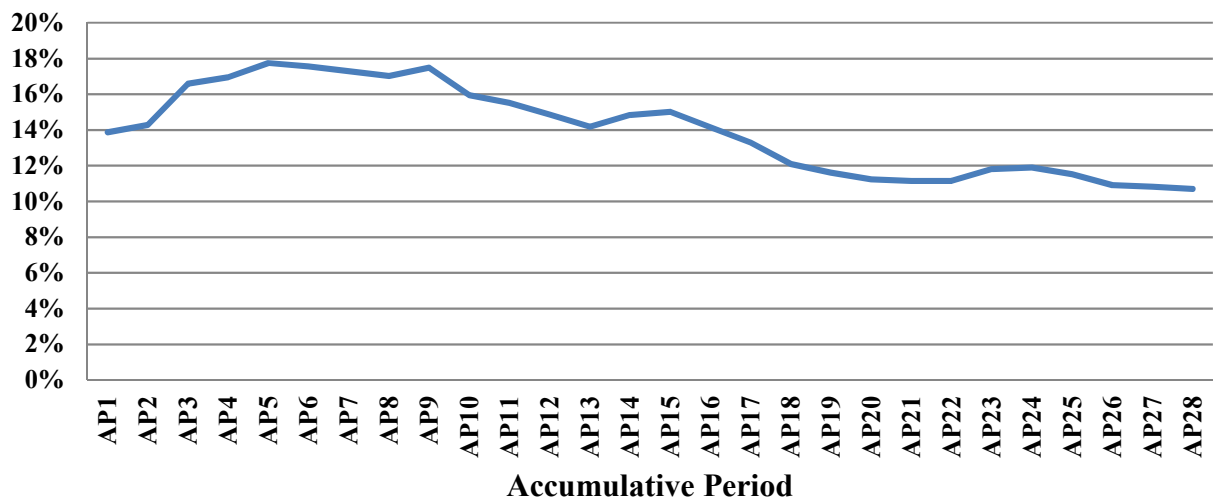
**Chart 1:
Evergny MO West FAC Costs**



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



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



BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy)
Missouri West Inc., d/b/a Every Missouri West) File No. ER-2022-0005
for Authority to Implement Rate Adjustments)
Required by 20 CSR 4240-20.090(8) and the)
Company's Approved Fuel and Purchased)
Power Cost Recovery Mechanism)

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 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.

Brooke Mastrogiannis
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 29th day of July 2021.

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

D. Suzie Mankin
Notary Public

