

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

In the Matter of the Application of Evergy	)	
Missouri West, Inc. d/b/a Evergy Missouri	)	<b><u>File No. ER-2023-0210</u></b>
West for Authority to Implement Rate	)	Tracking No. JE-2023-0117
Adjustments Required by 20 CSR 4240-	)	
20.090(8) and the Company's Approved	)	
Fuel and Purchased Power Cost Recovery	)	
Mechanism	)	

**STATEMENT OF POSITION**

**COMES NOW** the Staff of the Missouri Public Service Commission and for its Statement of Position states as follows:

- 1. Should the Commission approve Evergy Missouri West's proposed tariff sheet, which includes deferral of \$47.9 million of non-extraordinary costs to a PISA regulatory asset account for consideration in a future general rate proceeding?**

Yes. Staff recommended approval of Evergy Missouri West's proposed tariff sheet, which includes deferral of \$47.9 million of non-extraordinary costs to a PISA regulatory asset account for consideration in a future general rate proceeding. Based on Staff's review, the FAC charge proposed in this filing exceeds the average overall rate of the CAGR cap provisions of section 393.1655 RSMo by more than 13.3372%. Therefore, per the PISA statute, the Company is allowed to defer \$47,898,201, the amount that exceeds the CAGR cap provision, and instead include it in a PISA regulatory asset for consideration in a future general rate proceeding. In addition, the proposed FAC charge applicable to Large Power customers also exceeds the 8.7474% of the class average overall rate cap, in accordance with section 393.1655.6 RSMo. Therefore, the Company is also allowed to limit the increase in the FAC charge applicable to Large Power customers to only \$13,752,553 million and redistribute \$1,439,335 to Non-Large Power customer classes for recovery in this filing.<sup>1</sup>

- 2. Should the costs incurred by Evergy in AP31 be considered extraordinary?**

No. Generally, in past Accounting Authority Order ("AAO") cases the Commission has stated the standards for granting the authority for a utility to defer costs incurred outside of a test year as a regulatory asset are 1) that the costs pertain to an event that is extraordinary, unusual and unique, and not recurring; and 2) that the costs associated with the event are material.<sup>2</sup> Although increasing, the types of costs for

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<sup>1</sup> Mastroggiannis Rebuttal page 3 line 21 through page 4 line 10.

<sup>2</sup> Lyons Rebuttal page 3 lines 18-21.

the proposed deferral are normal operating costs and are expected to reoccur in the future. The underlying reason for the material change in the costs must be extraordinary in nature for the amounts to be eligible for AAO deferral.<sup>3</sup>

Staff stated in AP30, “Staff’s position is that these increased fuel costs are, unfortunately, the norm for all utilities for the current time period and not uniquely extraordinary or unusual for Evergy Missouri West.” Staff also believes the costs for AP31 are not extraordinary. Even though these costs for AP31 have increased significantly compared to AP29 and AP30, they still have not reached the significant increase we saw during Winter Storm Uri (AP 28), nor was there any apparent underlying extraordinary event driving the level of costs that occurred during AP31.<sup>4</sup>

**3. In the event the Commission determines AP31 costs to be extraordinary, how should AP31 costs be recovered?**

If the Commission determines some portion of the AP31 costs are extraordinary, it would be reasonable to defer those costs to an AAO as Ms. Mantle has recommended. However, Ms. Mantle suggested recovery through the FAC in an amount of \$18,755,192, which is not near the level of any of the AP29, AP30, or AP31 costs. The average of those three accumulation periods (actual net energy costs minus the net base energy costs) is \$67,877,062. However, per PISA statute section 393.1655 RSMo, the Company is only allowed to recover \$56,277,078 in the FAC. Therefore Staff suggests \$56,277,078 be recovered through the FAC, with the remainder of \$47,898,201 being deferred to an AAO in the event the Commission finds some of the costs incurred in AP31 to be extraordinary.<sup>5</sup>

**4. In the event the Commission determines AP31 costs to not be extraordinary, how should AP31 costs be recovered?**

If these costs are not determined extraordinary, then the Company is allowed to defer \$47,898,201 to a PISA regulatory asset, per statute section 393.1655 RSMo and then include \$56,277,078 for recovery through the FAC.<sup>6</sup>

**WHEREFORE**, Staff submits this Statement of Position for the Commission’s information and consideration.

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<sup>3</sup> Lyons Rebuttal page 4 line 8 through page 6 line 5.

<sup>4</sup> Mastrogiannis Rebuttal page 3 line 12 through line 18.

<sup>5</sup> Mastrogiannis Rebuttal page 7 line 6, through page 8 line 2.

<sup>6</sup> Mastrogiannis Rebuttal page 8 lines 5 through 7.

Respectfully submitted,

**/s/ Casi Aslin**

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record this 6<sup>th</sup> day of June, 2023.

**/s/ Casi Aslin**