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Exhibit No. 2

Evergy Missouri West – Exhibit 2
Lisa Starkebaum
Direct Testimony
File No. ER-2023-0011

Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri West
Case No.:	ER-2023-0011
Date Testimony Prepared:	July 1, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2023-0011

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST

Kansas City, Missouri
July 2022

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

In the Matter of the Application of Evergy Missouri West 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	)))))	Case No. ER-2023-0011

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Lisa A. Starkebaum, being first duly sworn on her oath, states:

1. My name is Lisa A. Starkebaum. I work in Kansas City, Missouri, and I am employed by Evergy as Manager, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy consisting of fifteen (15) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Lisa A. Starkebaum
Lisa A. Starkebaum

Subscribed and sworn to before me this 1st day of July 2022.

Anthony R. Westenkirchner
Notary Public

My Commission expires:

4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2023-0011

Q: Please state your name and business address.

A: My name is Lisa A. Starkebaum. My business address is 1200 Main, Kansas City, Missouri 64105.

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

A: I am employed by Evergy Metro, Inc. as Manager, Regulatory Affairs for Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("EMM"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("EMW"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a Evergy Kansas Central ("Evergy Kansas Central"). These are the operating utilities of Evergy, Inc.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of EMW.

Q: What are your responsibilities?

A: My responsibilities include the coordination, preparation and review of financial information and schedules associated with the Evergy, Inc.'s compliance and rider mechanism filings including: Evergy Kansas Central, Evergy Kansas Metro, Evergy Missouri Metro and Evergy Missouri West.

Q: Please describe your education.

A: In 1994, I received a Bachelor of Science Degree in Finance from Northwest Missouri State University in Maryville, Missouri.

Q: Please provide your work experience.

A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila, Inc. ("Aquila") where I worked in the Financial and Regulatory Reporting group as an Accountant, until joining Regulatory Accounting Services as a Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years prior to beginning my employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by Great Plains Energy Incorporated. Since that time, I have held various positions with increasing responsibilities within Regulatory Accounting Services and Regulatory Affairs. As a Lead Analyst in the Regulatory Affairs department, my main areas of responsibility included the preparation of FERC and jurisdictional reporting, and the preparation of rate cases and rate case support for both KCP&L and GMO. In December 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing a team dedicated to compliance reporting and was later promoted to Manager, Regulatory Affairs effective June 2018. In my current position, I am responsible for overseeing various reporting requirements to ensure Evergy is compliant with its jurisdictional rules and regulations, in addition to the implementation of new reporting or commitments resulting from various rate case orders and other regulatory filings. In addition, I oversee the coordination, review and filing of the various rider mechanisms.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("MPSC" or "Commission") or before any other utility regulatory agency?

A: Yes, I have testified before the MPSC, the Kansas Corporation Commission ("KCC" or "Commission") and have provided written testimony before the Public Utilities Commission of Colorado. I have sponsored testimony in Missouri related to various tariff filings involving rider mechanisms. In addition, I have worked closely with both MPSC and KCC Staff on numerous filings and rate case matters.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to support the Fuel Adjustment Clause ("FAC") that has been filed by Evergy Missouri West ("Company"). This FAC tariff filing consists of actual fuel and purchased power costs, net of off-system sales revenues incurred by the Company and an updated adjustment for "extraordinary costs" incurred as a result of the mid-February 2021 cold weather event known as Winter Storm Uri. My testimony supports the rate schedule filed to adjust rates for the adjusted FAC includable costs experienced during the six-month period December 2021 through May 2022. This six-month period represents the 30th accumulation period under Evergy Missouri West's FAC, which was originally approved by the Commission in Case No. ER-2007-0004 ("2007 Case") and modified in Case Nos. ER-2009-0090, ER-2010-0356 ("2010 Case"), ER-2012-0175 ("2012 Case"), ER-2016-0156 ("2016 Case"), and ER-2018-0146 ("2018 Case"). After deferring $31 million to the PISA regulatory asset deferral account for consideration in a subsequent general rate case, the basis for which deferral is discussed in greater detail by Mr. Darrin Ives, the proposed FAC charge for residential customers is $0.00737 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly charge of $7.37. This represents an increase of $0.87 to an Evergy Missouri West residential customer's monthly bill compared to the prior FAC.

Q: Please explain why Evergy Missouri West filed the FAC adjustment rate schedules at this time.

A: The Commission's rule governing fuel and purchased power cost recovery mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8)(A) – requires Evergy Missouri West to make periodic filings to allow the Commission to review the actual net FAC includable costs the Company has incurred and to allow rates to be adjusted, either up or down, to reflect those actual costs. The Commission's rule requires at least one such review and adjustment each year. Evergy Missouri West's approved FAC calls for two annual filings – one filing covering the six-month accumulation period running from June through November and another filing covering the accumulation period running from December through May. Any increases or decreases in rates in these filings are then included in the customers' bills over a subsequent 12-month recovery period.

For the 30th accumulation period covering December 2021 through May 2022, Evergy Missouri West's "adjusted" actual FAC includable costs exceeded the base energy costs included in base rates by approximately $46 million. In accordance with the Commission's rule and the Company's approved FAC, Evergy Missouri West has calculated the FAC tariff that provides for a change in rates to recover

95% of those cost changes, or approximately $43.7 million plus $562k in interest. These amounts are before true-up or any other adjustments.

In addition, a true-up filing is being made concurrent with this filing covering the 27th accumulation period of June 2020 through November 2020 and its corresponding recovery period of March 2021 through February 2022. The proposed 27th accumulation period true-up amount is an under-recovery of $522,660. Also included in this true-up filing is an ordered adjustment, or refund, of ($160,892) plus ($10,613) in interest related to Missouri West's ninth FAC prudence review, Case No. EO-2020-0262. These amounts combined result in a total under-recovered true-up amount of $351,155.

Finally, the Company is proposing to defer $31 million of the total $44.6 million Fuel and Purchased Power Adjustment ("FPA") experienced during this 30th accumulation period to a PISA regulatory asset account for recovery in a subsequent general rate case which is discussed later in testimony.

In summary, all of these amounts combined result in a proposed FPA of approximately $13.6 million. The tariff being submitted with this filing reflects recovery of the $13.6 million of FAC-related costs in the fuel adjustment rate effective September 1. 2022, after removal of the PISA deferral amount.

Q: What are some of the drivers impacting this 30th accumulation period?

A: Evergy Missouri West's Actual Net Energy Costs ("ANEC"), less the $3.2 million in SPP resettlements of February 2021 related to Winter Storm Uri, exceeds the base energy costs included in base rates by approximately $46 million.

When compared to the prior 29^{th} accumulation period, the ANEC are \$11.7 million lower in the 30^{th} accumulation period than the previous 29^{th} accumulation period. This is due to a \$9.1 million, or 7%, decrease in purchased power expense and lower fuel costs of \$10.7 million, or 8%, driven by 41% less generation including the sale of Renewable Energy Credits ("RECs"). The 30^{th} accumulation period of December through May typically has lower retail load requirements than the previous 29^{th} accumulation period of June through November. In December 2021, weather was warmer than normal by 305 heating degree days, resulting in a 7% decrease in demand. However, this decrease in demand was offset by higher natural gas prices. For December 2021 through May 2022, the published NYMEX natural gas contract settlement price averaged \$5.48, which is 22% higher than the \$4.51 averaged in June through November 2021. Lastly, the Company experienced a decrease in off-system sales revenues of \$7.8 million, or 70%, compared to the prior 29^{th} accumulation period.

It is worth noting that even though ANEC is lower in the 30^{th} accumulation period than in the 29^{th} accumulation period, both of these periods are higher than historical ANEC. When compared to same season or the 28^{th} accumulation period of December 2020 through May 2021, the 30^{th} accumulation period ANEC is \$40.5 million higher than the 28th accumulation period primarily due to a \$37.3 million, or 44% increase in purchased power expense driven by higher natural gas prices. For December 2021 through May 2022, the published NYMEX natural gas contract settlement price averaged \$5.48, which is 99% higher than the \$2.75 averaged in December 2020 through May 2021.

Q: Are there adjustments to this filing that require further explanation?

A: Yes, the following testimony provides further clarification around three separate issues:

1. Removal of Winter Storm Uri costs due to SPP resettlements during this AP;
2. the Ordered Adjustment from Missouri West's Ninth FAC Prudence Review in Case No. EO-2020-0262; and
3. Deferral of $31 million of the FPA to the PISA regulatory asset account

Q: Please explain the updated adjustment to February 2021 actual costs incurred as a result of Winter Storm Uri.

A: The Company expected adjustments to the previously reported impact of Winter Storm Uri due to resettlements of both costs and revenues from the Southwest Power Pool ("SPP"). As explained in the Company's last FAR filing, in order to identify the extraordinary costs associated with Winter Storm Uri, Evergy Missouri West established a baseline to approximate the normal conditions for the month of February 2021. In order to approximate more historic normal conditions in the month of February, the Company calculated a three-year average baseline using actual February costs for the years 2018, 2019 and 2020 for fuel, purchased power costs, emissions, transmission expense and off-system sales revenues and compared the actual costs and revenues that were incurred for February 2021 to that three-year average. When compared to the three-year historic average for the month of February, with costs and revenues updated through February 2022 resulting from SPP resettlements, Evergy Missouri West incurred approximately

$296.6 million of extraordinary costs in excess of the three-year average. This amounts to a $3.2 million increase from the $293.4 million identified and excluded from the previous 29th accumulation period, Case No. ER-2022-0174, which was requested for deferral treatment through an AAO in Case No. EU-2021-0283 and for which costs are being sought recovery through a securitization filing in Case No. EF-2022-0155. This $3.2 million increase in Winter Storm Uri costs has been excluded in the current 30th accumulation period FAR calculation as this activity flowed through the general ledger in December 2021 and February 2022. These adjustments are detailed in the workpaper support that accompanies this filing.

Q: Is this the final adjustment to February 2021 actual costs incurred as a result of Winter Storm Uri?

A: Yes, the Company does not expect any additional resettlements from SPP. Future adjustments due to Winter Storm Uri would be the result of a FERC order.

Q: Please explain the Ordered Adjustment included in this filing.

A: The Company is refunding the amount of $160,892 plus interest of $10,613 as ordered in its ninth FAC prudence review, Case No. EO-2020-0262, where the Commission found that Evergy acted imprudently by not calling more programmable thermostat and DRI curtailment events. The Commission’s Report and Order was issued on May 4, 2022 with an effective date of June 3, 2022. The Order states "the Commission finds that due to Evergy's imprudent decision not to utilize its demand response programs to save energy costs for its customers, those customers paid more for energy than they should have during the FAC prudence review period of June 2018 through November 2019." The additional interest calculation of $10,613 is provided in the workpaper support.

Q: Please explain the proposed $31 million deferral from the FPA included in this filing.

A: The Company is proposing deferral treatment of $31 million from recovery through the Fuel Adjustment Rate ("FAR") for consideration in a subsequent general rate proceeding.

Q: What is the full amount of FAC-related costs incurred by Evergy Missouri West during this accumulation period?

A: As mentioned previously, the total FPA for this 30th accumulation period is approximately $44.6 million.

Q: Please explain the implication of including the full amount of these costs in a fuel adjustment rate effective September 1, 2022, in regards to the PISA rate caps under section 393.1655?

A: As shown in the testimony of Mr. Ives, including $44.6 million in the fuel adjustment rate now would cause the overall rate increase resulting from the impending Evergy Missouri West general rate proceeding in Case No. ER-2022-0130 to exceed the 3 percent Compound Annual Growth Rate ("CAGR") cap under section 393.1655.5.

Therefore, as discussed in greater detail by Mr. Ives, Evergy Missouri West proposes to include $13.6 million of FAC-related costs in the fuel adjustment rate effective September 1, 2022, and defer the balance of approximately $31 million for further treatment in a subsequent general rate proceeding as appropriate.

Q: Is there anything else worth noting for this semi-annual FAC filing that should be mentioned?

A: Yes. There are a couple of items to note.

First, the supporting documentation provided in Tabs 8(A)2.A (I-V) reflects the actual costs incurred by the Company and have not been adjusted for Winter Storm Uri. Tab 8(A)2.A(XI) shows Winter Storm Uri extraordinary costs not to be passed through as adjusted in December 2021 and February 2022.

Second, the Company performed the plant in service accounting ("PISA") calculations to determine the impact, if any, on the Average Overall Rate and Class Average Overall Rate for the Large Power customer class as set forth in the 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 11.6887% for the average overall rate cap and 7.6850% for the class average overall rate cap for Large Power customers. After utilizing the deferral provisions set forth in RSMo 393.1655.5, the FAC charge proposed in this filing does not exceed the average overall rate by more than 11.6887%. 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 7.6850% of the class average overall rate for this rate class. Therefore, there are no PISA adjustments in this FAR filing.

Q: How did you develop the various values used to derive the proposed FARs that are shown on Schedule LAS-1?

A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in conjunction with this testimony contains all the information as set in 20 CSR 4240-20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting a copy of the workpapers that support the determination of the current FAR.

Q: Please describe the impact of the change in costs and how it will affect a typical customer.

A: The proposed current period FARs for Evergy Missouri West Large Power and Non-Large Power customers by voltage level is shown below:

Proposed Current Period FARs	
Voltage	
Secondary	$0.00164
Primary	$0.00161
Substation	$0.00159
Transmission	$0.00159

This is the difference between base FAC includable costs and the proposed costs incurred by the Company including interest during the 30th accumulation period of December 2021 through May 2022 and will be billed over the recovery period running from September 2022 through August 2023.

The proposed FAR was calculated in the manner specified in the Company's FAC tariff. Attached to my testimony, as Schedule LAS-1, is a copy of the tariff sheet with the current FAR, the prior period FAR and the total FAR that will be billed to customers over the recovery period. The FAR calculated for the 28th accumulation period has been removed as its recovery period will cease in August 2022. The FAR for the 29th accumulation period is added to the FAR for the current 30th accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR for Evergy Missouri West Large Power and Non-Large Power customers is shown in the table below:

		ER-2022-0174	
Voltage	**Proposed 7th Revised Sheet No. 127.23**	**Now Effective 6th Revised Sheet No. 127.23**	**Impact**
Secondary	$0.00737	$0.00650	$0.00087
Primary	$0.00726	$0.00641	$0.00085
Substation	$0.00716	$0.00632	$0.00084
Transmission	$0.00715	$0.00631	$0.00084

As stated earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC charge of $7.37, an increase to an Evergy Missouri West residential customer's bill of $0.87 per month compared to the prior FAC.

Q: If the rate schedules filed by Evergy Missouri West are approved or allowed to go into effect, what safeguards exist to ensure that the revenues the Company bills to its customers do not exceed the fuel and purchased power costs that Evergy Missouri West actually incurred during the Accumulation Period?

A: Evergy Missouri West's FAC and the Commission's rules provide two mechanisms to ensure that amounts billed to customers do not exceed the Company's actual, prudently incurred fuel and purchased power costs. First, at the end of each recovery period the Company is required to true up the amounts billed to customers through the FAR with the excess fuel and purchased power costs that were actually incurred during the accumulation period to which the FAR applies. Second, the Company's fuel and purchased power costs are subject to periodic prudence reviews to ensure that only prudently incurred fuel and purchased power costs are billed to customers through Evergy Missouri West's FAC. These two mechanisms serve as checks to ensure that the Company's customers pay only the prudently incurred, actual costs of fuel and purchased power used to provide electric service.

Q: Have each of these mechanisms been in effect throughout the FAC process since its inception in the 2007 Case?

A: Yes, Evergy Missouri West is currently in its tenth prudence review, Case No. EO-2022-0065.

On May 4, 2022, in the Company's ninth prudence review, Case No. EO-2020-0262, the Commission issued its Report and Order finding Evergy was imprudent by not utilizing demand response programs to reduce energy costs for its customers during the review period of June 2018 through November 2019. Therefore, the Company is refunding the amount of $160,892 plus interest of $10,613 in this FAR filing for the 30th accumulation period. Also in the ninth prudence review, on January 20, 2021 an Ordered Adjustment for Sibley retirement costs was stipulated by parties amounting to $1,039,646, or $984,898 Missouri jurisdictional with 95% sharing applied. Based on the agreement by parties, rather than recovering this amount through the FAC, the Company recorded the $1,039,646 in retirement costs to the Sibley AAO account for consideration in the upcoming 2022 general rate case, Case No. ER-2022-0130, and refunded the amount of $984,898 plus interest of $53,550 in the 28th accumulation period FAR filing, Case No. ER-2022-0005.

In all previous prudence reviews, the MPSC Staff indicated in each of their reports that there were no areas of imprudence identified within the audits with the exception of Staff's recommendation in the Company's third prudence review which was taken before the Commission. However, following the Commission's review, the Commission issued its order stating no indication of imprudence by the Company.

In addition, the Company has made 26 true-up filings, all of which were approved by the MPSC. The 27th true-up filing is being made concurrent with this filing covering the 27th accumulation period of June 2020 through November 2020 and its corresponding recovery period of March 2021 through February 2022. The Company's calculation of the proposed true-up resulting in an under-recovery for Evergy Missouri West has been included in the calculation of the current proposed tariff change.

Q: What action is Evergy Missouri West requesting from the Commission with respect to the rate schedules that the Company has filed?

A: The Company requests the Commission approve the rate schedule to be effective as of September 1, 2022.

Q: Does this conclude your testimony?

A: Yes, it does.

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
(Applicable to Service Provided December 6, 2018 and Thereafter,
Effective for the Billing Months of September 2022 through February 2023)

Accumulation Period Ending:	**May 2022**		
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$142,587,458
2	Net Base Energy Cost (B)	-	$96,513,978
	2.1 Base Factor (BF)		$0.02240
	2.2 Accumulation Period NSI (S_{AP})		4,308,659,751
3	(ANEC-B)		$46,073,480
4	Jurisdictional Factor (J)	x	99,81828%
5	(ANEC-B)*J		$45,989,755
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		$43,690,267
8	True-Up Amount (T)	+	$522,660
9	Interest (I)	+	$551,984
10	Prudence Adjustment Amount (P)	+	($160,892)
11	Fuel and Purchased Power Adjustment (FPA)	=	$44,604,020
	11.1 PISA Deferral (Sec. 393.1400)*		($31,000,000)
	11.2 FPA Subject to Recover in True-Up		$13,604,020
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,659,609,098
13	Current Period Fuel Adjustment Rate (FAR)	**=**	$0.00157
14	Current Period FAR_{Sec} = FAR x VAF_{Sec}		$0.00164
15	Prior Period FAR_{Sec}	+	$0.00573
16	Current Annual FAR_{Sec}	=	$0.00737
17	Current Period FAR_{Prim} = FAR x VAF_{Prim}		$0.00161
18	Prior Period FAR_{Prim}	+	$0.00565
19	Current Annual FAR_{Prim}	=	$0.00726
20	Current Period FAR_{Sub} = FAR x VAF_{Sub}		$0.00159
21	Prior Period FAR_{Sub}	+	$0.00557
22	Current Annual FAR_{Sub}	=	$0.00716
23	Current Period FAR_{Trans} = FAR x VAF_{Trans}		$0.00159
24	Prior Period FAR_{Trans}	+	$0.00556
25	Current Annual FAR_{Trans}	=	$0.00715
26	VAF_{Sec} = 1.0426		
27	VAF_{Prim} = 1.0268		
28	VAF_{Sub} = 1.0133		
29	VAF_{Trans} = 1.0100		

*In accordance with Section 393.1655.5, the Current Period Fuel Adjustment Rate (FAR) is calculated by limiting the Fuel and Purchased Power Adjustment (FPA) to 3% per annum for all rate classes beginning December 6, 2018. For this filing, the FPA has been reduced by $31M and deferred to a regulatory asset account for recovery per Section 393.1400.