

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

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro for Authority to Implement Rate) **File No. ER-2022-0206**
Adjustments Required by 20 CSR 4240-20.090(8)) **Tariff No. JE-2022-0216**
and the Company's Approved Fuel and)
Purchased Power Cost Recovery Mechanism)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), through counsel, and for its recommendation states:

1. On January 31, 2022, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”), filed with the Missouri Public Service Commission (“Commission”) one tariff sheet, P.S.C. MO. No. 7 7th Revised Sheet No. 50.31, bearing a proposed effective date of April 1, 2022, and cancelling P.S.C. MO. No. 7 6th Revised Sheet No. 50.31. The Commission assigned the new tariff sheet Tariff Tracking No. JE 2022-0216.

2. Concurrently on January 31, 2021, Evergy Missouri Metro submitted a FAC true-up filing in File No. EO-2022-0205 to identify the true-up amount of (\$2,224,850) for the tenth recovery period (“RP10”) of its FAC.

3. On February 1, 2022, the Commission ordered Staff to file a recommendation by March 2, 2022.

4. In this tariff sheet, Evergy Missouri Metro proposes to revise its Fuel Adjustment Rates (“FARs”) of its Fuel Adjustment Clause (“FAC”) for Accumulation Period 13 (“AP13”). AP13 was July 1, 2021 through December 31, 2021. Subsequently, Evergy Missouri Metro filed a substitute tariff sheet on February 17, 2022, and submitted to Staff work papers in support of the substitute tariff sheet.

5. Staff reviewed and verified the proposed 7th Revised Sheet No. 50.31 filed on January 31, 2022, as substituted on February 17, 2022, the direct testimony of Evergy Missouri Metro's witness Lisa Starkebaum, and all the accompanying work papers, as well as Evergy Missouri Metro's monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP13. Staff also verified that the monthly interest rates and calculations of monthly interest amounts are correct.

6. During this AP13, Evergy Missouri Metro 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"). Evergy Missouri Metro's net extraordinary revenues incurred from Winter Storm Uri were calculated to be \$56.8 million, which was deferred from the previous AP12. Since this current AP13 FAR calculation does include an \$11.1 million reduction from SPP resettlements, the Winter Storm Uri AAO request is now approximately \$45.6 million.

7. Staff's position in this case preserves its position stated in ER-2022-0025. Staff's position is that the deferred net revenues from the previous AP12, from Case No. ER-2022-0025, should have been refunded to customers in the next FAR filing expected to be made in February 2022, with the credit to customers occurring in April of 2022 (this FAR filing). Although Evergy Missouri Metro has indicated through emails with Staff that it intends to include the \$45.6 million of net extraordinary revenues in the immediate FAR proceeding following a Commission Order and/or settlement of the AAO case EU-2021-0283, and the last FAR filing ER-2022-0025, Staff is still of the opinion that the rule does not allow Evergy Missouri Metro to defer extraordinary revenues.

8. Although Evergy Missouri Metro's filing is timely, in the attached Staff *Memorandum*, marked Appendix A, Staff recommends that the Commission issue an order rejecting the proposed tariff rate sheets and issue an order directing Evergy Missouri Metro to file a substituted tariff sheet that includes its AP12 net revenues of approximately \$45.6 million in this AP13 filing. If the Commission chooses to reject the proposed tariff sheets and instead order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question, Staff recommends that the proposed tariff 7th Revised Sheet No. 50.31, as substituted on February 17, 2022, will be the interim adjusted FAR that reflects a proposed adjustment that is not in question. Staff's recommendation is consistent with the approach to determining the appropriate interim adjusted FAR ordered in Case No. ER-2022-0025.

WHEREFORE, Staff recommends that the Commission issue an order rejecting the proposed tariff, 7th Revised Sheet No. 50.31, and direct Evergy Missouri Metro to file a substituted tariff sheet that includes the deferred net extraordinary revenues from the previous AP12.

Respectfully submitted,

/s/ Don Cosp

Don Cosp

Legal Counsel

Missouri Bar No. 73231

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Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I certify that copies of the foregoing have been emailed to all parties and/or counsel of record on this 2nd day of March, 2022.

/s/ Don Coper

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2022-0206, Tariff Tracking No. JE-2022-0216

FROM: Cynthia M. Tandy, Senior Utility Regulatory Auditor

/s/ Cynthia M. Tandy /03-02-2022 /s/ Don Cosper /03-02-2022
Energy Resources Department / Date Staff Counsel's Office / Date

SUBJECT: Staff Recommendation for Rejection of Tariff Sheet Filed to Change Rates Related to Evergy Metro, Inc., d/b/a Evergy Missouri Metro's Fuel Adjustment Clause Pursuant to the Commission's *Report and Order* and *Order Regarding Compliance Tariff Sheets* in Case No. ER-2018-0145.

DATE: March 2, 2022

On January 31, 2022, Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro"), filed with the Missouri Public Service Commission ("Commission") one tariff sheet, P.S.C. MO. No. 7 7th Revised Sheet No. 50.31, bearing a proposed effective date of April 1, 2022, and cancelling P.S.C. MO. No. 7 6th Revised Sheet No. 50.31. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2022-0216 and ordered Staff to file its recommendation by March 2, 2022. In this tariff sheet, Evergy Missouri Metro proposes to revise its Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 13 ("AP13"). AP13 was July 1, 2021 through December 31, 2021. Subsequently, Evergy Missouri Metro filed a substitute tariff sheet on February 17, 2022, and submitted to Staff work papers in support of the substitute tariff sheet. In Evergy Missouri Metro's substitute filing letter it explained MPSC Staff found that the interest amount had not been updated for the current Accumulation Period 13 ("AP13"). The Company has updated the work papers with the correct amount as well as the tariff and PISA calculation. There is no impact or change to the FAR rate as a result of this correction.

Staff recommends that the Commission issue an order rejecting the proposed tariff, 7th Revised Sheet No. 50.31, and direct Evergy Missouri Metro to file a substituted tariff sheet that includes the deferred net extraordinary revenues from the previous AP12. Under Commission Rule 20 CSR 4240-20.090(8)(H)³ the Commission can reject the proposed tariff

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

H. Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either – 3. If it determines the adjustment to the FARs is not in accordance with the provisions of

sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question. Since there is already a proposed procedural schedule in place with Case No. ER-2022-0025, this filing can be a continuation of that pending case, and therefore will not need an additional prehearing date or procedural schedule. If the Commission chooses to reject the proposed tariff sheets and instead order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question, Staff wants to point out that the proposed tariff 7th Revised Sheet No. 50.31, as substituted on February 17, 2022, will be the interim adjusted FAR that reflects a proposed adjustment that is not in question.

Discussion

During this AP13 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 Metro established a baseline to approximate the normal conditions for the month of February 2021. They did so by calculating a three-year average baseline using actual February costs for the years 2018, 2019, and 2020 and compared to the actual costs and revenues that were incurred for February 2021. When compared to the three-year historic average for the month of February, with costs and revenues updated through December 2021 resulting from SPP resettlements, Evergy Missouri Metro incurred approximately \$45.6 million of extraordinary revenues in excess of the three-year average. This amounts to an \$11.1 million reduction from the \$56.8 million excluded from the previous 12th accumulation period adjustment. This \$11.1 million reduction in Winter Storm Uri costs has been included in the current AP13 FAR calculation as the activity flowed through the general ledger in June, August and December 2021. The June resettlement of \$2.4 million (after Missouri

this rule, section 386.266 RSMo, and the FAC mechanism established in the electric utility’s most recent general rate proceeding, reject the proposed tariff sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The Commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question.”

jurisdictional allocation) was done in the 10th true-up and the other resettlements are part of this AP13 filing. While the Company believes that the majority of the resettlements have likely occurred through December 2021, it is unclear at this time if the adjustments made to date are final.

Since this current AP13 FAR calculation does include an \$11.1 million reduction from SPP resettlements, the Winter Storm Uri AAO request is now approximately \$45.6 million. The Company has indicated through emails to Staff that they now plan to include those \$45.6 million of net extraordinary revenues in the immediate FAR proceeding following a Commission Order and/or settlement of the AAO case, EU-2021-0283, and the last FAR filing ER-2022-0025. Since they have still not received a resolution in either case, that is why they did not include the net extraordinary revenues during this FAR filing AP13. Staff is still of the opinion, as in the ER-2022-0025 case, that the rule does not allow Evergy Missouri Metro to defer extraordinary revenues. Staff also was under the understanding that the deferred net revenues from ER-2022-0025 would be refunded to customers in the next FAR filing expected to be made in February 2022, with the credit to customers occurring in April of 2022² (this FAR filing). Therefore, Staff continues to recommend the Commission issue an order directing Evergy Missouri Metro to file a substituted tariff sheet that includes the AP12 net revenues which is now approximately \$45.6 million (total company).

Calculation of Total Company Fuel and Purchased Power Difference

Evergy Missouri Metro's work papers for AP13 contain data and calculations for ANEC of \$130,296,820 (line 1), and Net Base Energy Cost ("B")³ of \$134,851,319 (line 2). For this filing, B equals sales of 8,050,825,000 kWh for July 2021 through December 2021 (line 2.2), multiplied by the Base Factor ("BF") of \$0.01675 per kWh (line 2.1). The difference between ANEC and Net Base Energy Cost is (\$4,554,499) and this is the amount on line 3, Total Fuel and Purchased Power Difference.

² Evergy Missouri Metro's response to Data Request 0002.1 in ER-2022-0025

³ B = Base Factor multiplied by the accumulation period sales reflected on lines 2, 2.1, and 2.2 of 7th Revised Sheet No. 50.31.

The Accumulation Periods, Recovery Periods, and other specifications of Evergy Missouri Metro's FAC are set out in its tariff sheets designated Original Sheet Nos. 50.21 through 50.31.

Calculation of FPA Amount

Evergy Missouri Metro's work papers and proposed 7th Revised Sheet No. 50.31, as substituted on February 17, 2022, show the FPA amount of (\$4,705,712) on line 11 is the sum of:

1. 95% of the difference between the ANEC and the Net Base Energy Cost for AP13, which is (\$2,429,918) (line 7);
2. The true-up amount for Recovery Period 10 ("RP10") of (\$2,224,850)⁴ (line 8); and,
3. The interest amount of (\$50,944) (line 9), which includes all interest for RP10 and AP13⁵.

Calculation of FAR

The proposed FAR of (\$0.00053) per kWh (line 13), is equal to the FPA amount of (\$4,705,712) divided by the estimated recovery period retail net system input ("NSI") of 8,855,390,805 kWh (line 12). This proposed FAR would be in effect for Recovery Period 13, which is Evergy Missouri Metro's billing months of April 2022 through March 2023.

Voltage Level FARs

Because of differences in line losses for transmission, substation, primary and secondary voltage service levels,⁶ lines 15, 19, 23, and 27 reflect different FARs for service taken at transmission, substation, primary and secondary voltage service levels, respectively.

⁴ See Staff Recommendation in File No. EO-2022-0205.

⁵ Interest is defined on Evergy Missouri Metro, P.S.C.MO. No. 7, Original Sheet No. 50.28 as: Interest applicable to (i) the difference between Missouri Retail ANEC and B for all kWh of energy supplied during an AP until those costs have been recovered; (ii) refunds due to prudence reviews ("P"), if any; and (iii) all under- or over-recovery balances created through operation of this FAC, as determined in the true-up filings ("T") provided for herein. Interest shall be calculated monthly at a rate equal to the weighted average interest paid on the Company's short-term debt, applied to the month-end balance of items (i) through (iii) in the preceding sentence.

⁶ The voltage adjustment factors (VAFs) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 7th Revised Sheet No. 50.31.

The proposed FARs for transmission, substation, primary, and secondary service voltage levels are on lines 17, 21, 25, and 29. They are the sum of the current period FARs and Evergy Missouri Metro’s prior period FARs.

Listed below are Evergy Missouri Metro’s proposed AP13 FARs, the current AP12 FARs, and the difference between them for Transmission, Substation, Primary and Secondary voltage service.

Proposed and Current Annual Fuel Adjustment Rates \$ per kWh			
Service	Proposed AP13 Annual FAR	Current AP12 Annual FAR	Difference
Transmission	(\$0.00068)	(\$0.00039)	\$0.00029 Decrease
Substation	(\$0.00068)	(\$0.00039)	\$0.00029 Decrease
Primary	(\$0.00070)	(\$0.00041)	\$0.00029 Decrease
Secondary	(\$0.00071)	(\$0.00041)	\$0.00030 Decrease

Based on a monthly usage of 1,000 kWh per month, the proposed change to the secondary FAR would result in a decrease of the FAR of a typical Evergy Missouri Metro residential customer’s bill⁷ by \$0.30 per month, from (\$0.41) to (\$0.71).

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

Evergy Missouri Metro stated in its tariff filing letter,

In Case No. EO-2019-0047, the Company elected to make the plant in service accounting (“PISA”) deferrals permitted under section 393.1400 RSMo, effective January 1, 2019. After removing the extraordinary costs and revenues associated with Winter Storm Uri, the Company performed the PISA calculations to determine the impact, if any, of this adjusted semi-annual FAR filing on the Average Overall Rate and Class Average

⁷ All residential customers take service at secondary voltage.

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. As explained in direct testimony, there are no PISA adjustments impacting this FAR filing.

Based upon its FAR filing, Evergy Missouri Metro is not required to have separate rates for Large Power Service customers and Non-Large Power Service customers, pursuant to Section 393.1655, RSMo. Nor is it required to have separate rates for customer classes. Staff agrees that the overall outcome of the Compound Annual Growth Rate (“CAGR”) calculation of the 10.3145% for the overall rate cap and 6.7953% for the class average overall rate cap in Evergy Missouri Metro’s work papers does not result in separate rates for Large Power customers and Non-Large Power customers.

Staff Review

Staff reviewed the proposed 7th Revised Sheet No. 50.31 filed on January 31, 2022, as substituted on February 17, 2022, Ms. Starkebaum’s direct testimony and all the accompanying work papers, as well as Evergy Missouri Metro’s monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP13. Staff verified that the actual fuel costs, net emissions allowances, purchased power costs and transmission costs, and renewable energy credit revenues match the fuel costs, net emissions allowances, purchased power costs, and transmission costs, and renewable energy credit revenues on line 1 of Evergy Missouri Metro’s proposed 7th Revised Sheet No. 50.31 filed on January 31, 2022, as substituted on February 17, 2022, along with Ms. Starkebaum’s supporting work papers. Staff also reviewed Evergy Missouri Metro’s monthly interest rates that are applied to 95% of the jurisdictional monthly cumulative under/over-recovery of base fuel and purchased power costs and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

Attachment A includes three charts summarizing Evergy Missouri Metro’s thirteen FAC rate adjustment filings. Chart 1 illustrates: (1) Evergy Missouri Metro’s ANEC, Net Base Energy Cost and under- (over-) recovery amounts for each accumulation period, and (2) that nine accumulation periods have under-recovered amounts and four accumulation period have over-recovered amounts. Chart 2 illustrates Evergy Missouri Metro’s FAC cumulative

under-recovered amount at the end of each accumulation period, with the cumulative under-recovered amount through AP13 of approximately \$241 million. Chart 3 illustrates that for Evergy Missouri Metro's accumulation periods one through thirteen, Evergy Missouri Metro under-recovered an average of 14% of its ANEC.

Staff Recommendation

Evergy Missouri Metro timely filed its 7th Revised Sheet No. 50.31 on January 31, 2022, as substituted on February 17, 2022.

Commission Rule 20 CSR 4240-20.090(8)(H)⁸ provides in part:

(H) 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
3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question;

Evergy Missouri Metro requests that its proposed 7th Revised Sheet No. 50.31, filed January 31, 2022, as substituted on February 17, 2022, become effective on April 1, 2022. The Company filed the tariff sheet with 60 days' notice. Although the Company's filing is timely, for the reasons discussed above, Staff recommends that the Commission issue an order rejecting the proposed tariff rate sheets and issue an order directing Evergy Missouri Metro to file a substituted tariff sheet that includes its AP12 net revenues of approximately \$45.6 million in this AP13 filing. If the Commission chooses to reject the proposed tariff sheets and instead order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any

⁸ Effective January 30, 2019.

part of the proposed adjustment that is not in question, Staff wants to point out that the proposed tariff 7th Revised Sheet No. 50.31, as substituted on February 17, 2022, will be the interim adjusted FAR that reflects a proposed adjustment that is not in question.

Staff verified that Evergy Missouri Metro is not delinquent on any assessment and filed its 2020 Annual Report. Evergy Missouri Metro is current on its submission of its Surveillance Monitoring reports, required by 20 CSR 4240-20.090(6), and its monthly reports, required by 20 CSR 4240-20.090(5). Except for Evergy Missouri Metro's RP10 true-up filing in File No. EO-2022-0205, a resolution from File No. EO-2022-0025, and its request for an AAO in Case No. EU-2021-0283 related to Winter Storm Uri, which the overall impact is unknown at this time, Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff's recommendation for approval of the Current Period FARs in this case is solely based on the accuracy of Evergy Missouri Metro's calculations and is not indicative of the prudence of the actual net energy costs incurred during AP13.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro for Authority to) File No. ER-2022-0206
Implement Rate Adjustments Required by) Tariff No. JE-2022-0216
20 CSR 4240-20.090(8) and the Company's)
Approved Fuel Purchased Power Cost
Recovery Mechanism

AFFIDAVIT OF CYNTHIA M. TANDY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CYNTHIA M. TANDY 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.

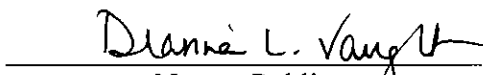
Further the Affiant sayeth not.


CYNTHIA M. TANDY

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 15th day of March, 2022.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377


Notary Public