

**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    | ) | <b><u>File No. ER-2021-0244</u></b> |
| Implement Rate Adjustments                | ) | Tracking No. JE-2021-0155           |
| Required by 20 CSR 4240-20.090(8) and the | ) |                                     |
| Company's Approved Fuel and Purchased     | ) |                                     |
| Power Cost Recovery Mechanism             | ) |                                     |

**STAFF RECOMMENDATION FOR APPROVAL OF TARIFF SHEET**

**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 January 29, 2021, Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro") submitted direct testimony and one tariff sheet designed to implement an adjustment to its Fuel and Purchased Power Adjustment Clause ("FAC"). The submitted tariff bears an effective date of April 1, 2021.

2. Concurrently on January 29, 2021, Evergy Missouri Metro submitted a true-up filing in File No. EO-2021-0243 to identify the net fuel costs it over- or under-charged customers during the eighth 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 Metro's filings in this case, and to file its recommendation no later than February 28, 2021, as required by Rule 20 CSR 4240-20.090(8).

4. Any party wishing to intervene was given a deadline was also given a deadline of February 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 approving the proposed revised tariff

sheet Evergy Missouri Metro filed on January 29, 2021, to become effective on April 1, 2021.

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.”<sup>1</sup>

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.<sup>2</sup>

8. Evergy Missouri Metro’s filing in this case requests Commission approval of one tariff sheet bearing an effective date of April 1, 2021, that revises the current FARs in its FAC. The filing includes testimony and work papers of Evergy Missouri Metro witness 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 (\$2,188,899). This represents the total requested decrease 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

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<sup>1</sup> Commission Rule 20 CSR 4240-20.090(8)(F).

<sup>2</sup> Commission Rule 20 CSR 4240-20.090(8)(H)1-3.

during the 11th Accumulation Period,<sup>3</sup> including application of the Commission approved 95 percent sharing ratio, plus the amount from the true-up for the 8th Recovery Period in File No. EO-2021-0243, and applicable interest.

10. The proposed changes to FARs will result in a decrease to the typical Evergy Missouri Metro residential customer's monthly bill (based on 1,000 kWh), before taxes, from \$0.53 to (\$0.14), for a decrease of \$0.67.

11. Staff has verified that Evergy Missouri Metro has filed its 2019 annual report and is not delinquent on any assessment. Evergy Missouri Metro 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-2021-0243, 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 approving the P.S.C. Mo. No. 7 5th Revised Sheet No. 50.31 Canceling 4th Revised Sheet No. 50.31, to become effective on April 1, 2021.

Respectfully Submitted,

**/s/ Travis J. Pringle**

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<sup>3</sup> July 1, 2020 through December 31, 2020.

**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 this 26th day of February, 2021.

**/s/ Travis J. Pringle**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. ER-2021-0244, Tariff Tracking No. JE-2021-0155  
Every Metro, Inc., d/b/a Every Missouri Metro

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

/s/ Brad J. Fortson /02-26-2021  
Energy Resources Dept. / Date

/s/ Travis Pringle / 02-26-2021  
Staff Counsel's Office / Date

**SUBJECT:** Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related to Every Metro, Inc., d/b/a Every 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:** February 26, 2021

On January 29, 2021, Every Metro, Inc. d/b/a Every Missouri Metro ("Every Missouri Metro"), f/k/a Kansas City Power & Light Company ("KCP&L"), filed with the Missouri Public Service Commission ("Commission") one tariff sheet, P.S.C. MO. No. 7 5th Revised Sheet No. 50.31, bearing a proposed effective date of April 1, 2021, and cancelling P.S.C. MO. No. 7 4th Revised Sheet No. 50.31. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2021-0155 and ordered Staff to file its recommendation by February 28, 2021. In this tariff sheet, Every Missouri Metro proposes to revise its Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 11 ("AP11"). AP11 was July 1, 2020 through December 31, 2020. Staff recommends that the Commission approve 5th Revised Sheet No. 50.31 Canceling 4th Revised Sheet No. 50.31, and change the FAR.

Every Missouri Metro's January 29, 2021 filing includes the testimony of Every Missouri Metro witness Lisa A. Starkebaum, Manager – Regulatory Affairs at Every Missouri Metro, and associated work papers. Every Missouri Metro's calculation of its Fuel and Purchased Power Adjustment ("FPA") is \$(2,188,899), as shown on line 11 of proposed 5th Revised Sheet No. 50.31. This FPA divided by the estimated retail sales of 8,823,920,002 kWh (line 12) results in a FAR of (\$.00025) per kWh (line 13). This proposed AP11 FAR of (\$.00025) per kWh is \$0.00036 less than the AP10 FAR of \$0.00011/kWh on line 13 of 4th Revised Sheet No. 50.31.

Ms. Starkebaum explains in her testimony that this filing includes an ordered Prudence Adjustment credit of \$199,104 related to disallowed Montrose fuel costs. The Montrose Prudence Adjustment was directed in the *Order Approving Partial Stipulation and Agreement*, File No. EO-2020-0262. The Montrose fuel costs credit adjustment includes two components: (1) \$183,612 from Accumulation Period 7 (ER-2019-0223); and (2) \$15,492 from Accumulation Period 8 (ER-2020-0025).

### **Calculation of Total Company Fuel and Purchased Power Difference**

Evergy Missouri Metro's work papers for AP11 contain data and calculations for Actual Net Energy Cost ("ANEC") of \$126,784,853 (line 1), and Net Base Energy Cost ("B")<sup>1</sup> of \$132,404,495 (line 2). For this filing, B equals sales of 7,904,745,999 kWh for July 2020 through December 2020 (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 (\$5,619,643) and this is the amount on line 3, Total Fuel and Purchased Power Difference.

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 5th Revised Sheet No. 50.31 show the FPA amount of \$(2,188,899) on line 11 is the sum of:

1. 95% of the difference between the ANEC and the Net Base Energy Cost for AP11, which is (\$2,989,240) (line 7); and
2. The true-up amount for Recovery Period 8 ("RP8") of \$996,289<sup>2</sup> (line 8); and
3. The interest amount of \$3,156 (line 9), which includes all interest for RP8 and AP11, as well as interest on the prudence adjustment and a correcting entry<sup>3</sup>; and
4. The prudence adjustment amount of (\$199,104).

### **Calculation of FAR**

The proposed FAR of (\$0.00025) per kWh (line 13), is equal to the FPA amount of (\$2,188,899) divided by the estimated recovery period retail net system input ("NSI") of 8,823,920,002 kWh (line 12). This proposed FAR will be in effect for Recovery Period 11, which is Evergy Missouri Metro's billing months of April 2021 through March 2022.

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<sup>1</sup> B = Base Factor multiplied by the accumulation period sales reflected on lines 2, 2.1, and 2.2 of 5th Revised Sheet No. 50.31.

<sup>2</sup> See Staff Recommendation in File No. EO-2021-0243.

<sup>3</sup> 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.

**Voltage Level FARs**

Because of differences in line losses for transmission, substation, primary, and secondary voltage service levels,<sup>4</sup> lines 15, 19, 23, and 27 reflect different FARs for service taken at transmission, substation, primary, and secondary voltage service levels, respectively.

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 AP11 FARs, the current AP10 FARs, and the difference between them for Transmission, Substation, Primary, and Secondary voltage service.

| <b>Proposed and Current Annual Fuel Adjustment Rates \$ per kWh</b> |                                 |                                |                    |
|---|---------------------------------|--------------------------------|--------------------|
| <b>Service</b>  | <b>Proposed AP11 Annual FAR</b> | <b>Current AP10 Annual FAR</b> | <b>Difference</b>  |
| <b>Transmission</b>   | (\$0.00014)                     | \$0.00051                      | \$0.00065 Decrease |
| <b>Substation</b>   | (\$0.00014)                     | \$0.00051                      | \$0.00065 Decrease |
| <b>Primary</b>  | (\$0.00015)                     | \$0.00051                      | \$0.00066 Decrease |
| <b>Secondary</b>  | (\$0.00014)                     | \$0.00053                      | \$0.00067 Decrease |

Based on a monthly usage of 1,000 kWh per month, the proposed change to the secondary FAR will result in a decrease of the FAR of a typical Evergy Missouri Metro residential customer’s bill<sup>5</sup> by \$.67 per month, from \$.53 to (\$).14).

Ms. Starkebaum explains the reason for the decrease in the proposed current period FAR on page 5 of her testimony filed January 29:

Evergy Missouri Metro’s Actual Net Energy Costs (“ANEC”) are lower than base costs in this eleventh accumulation period and are lower by

<sup>4</sup> The voltage adjustment factors (VAFs) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 5th Revised Sheet No. 50.31.

<sup>5</sup> All residential customers take service at secondary voltage.

\$91,911 from the previous tenth accumulation period. Fuel expense in the eleventh accumulation period increased by \$34.4 million due to a 46% increase in generation over the prior accumulation period, however this amount is offset by a \$10.1 million decrease in purchased power expense and another \$24 million due to favorable sales to the Southwest Power Pool (“SPP”). Base costs are higher in the eleventh accumulation period driven by warmer summer weather and higher customer load than in the previous tenth accumulation period. This results in a credit, or refund, to customers for this eleventh accumulation period.<sup>6</sup>

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

Eversource 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. As a result, the compound annual growth rate cap provisions of Section 393.1655 RSMo. applied to this FAC charge filing are 7.1015% for the average overall rate cap and 4.7013% 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 7.1015% and, as such, the provisions of section 393.1655.5 do not affect this FAC 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 4.7013% of the class average overall rate for this rate class. There are no PISA adjustments impacting this FAR filing.

Based upon its FAR filing, Eversource 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 7.1015% for the overall rate cap and 4.7013% for the class average overall rate cap in Eversource Missouri Metro’s work papers does not result in separate rates for Large Power customers and Non-Large Power customers. Further, Staff acknowledges that Eversource Missouri Metro’s FAC allows for retrospective adjustments in subsequent FAR filings, if in the future there is a more comprehensive understanding of the methodology and framework of Section 393.1655, RSMo, and its impact on adjustments for Eversource Missouri Metro.

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<sup>6</sup> Eversource Missouri Metro witness Lisa A. Starkebaum’s testimony on page 5, lines 14 through 23.



### **Southwest Power Pool (“SPP”) Charge Types**

In Case Nos. EO-2021-0125<sup>7</sup> and ER-2018-0145<sup>8</sup>, Eversource Missouri Metro filed a Notice of Adding New SPP Charge Types. The notice indicated that Eversource Missouri Metro’s tariff Original Sheet No. 50.25 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 notice stated that the Company planned to file new SPP charge types in its upcoming FAR filing to be made by February 1, 2021. 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 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 Metro intends to include these new charge types in its next general rate case.

Eversource Missouri Metro’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 the proposed 5th Revised Sheet No. 50.31, filed on January 29, 2021, Ms. Starkebaum’s direct testimony and all the accompanying work papers, as well as Eversource Missouri Metro’s monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP11. Staff verified that the actual fuel costs, net emissions allowances, purchased power

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<sup>7</sup> Filed on October 30, 2020.

<sup>8</sup> Filed on November 23, 2020.

costs and transmission costs less off-system sales revenues, and renewable energy credit revenues match the fuel costs, net emissions allowances, purchased power costs, and transmission costs less off-system sales revenues and renewable energy credit revenues on line 1 of Eversource Missouri Metro's proposed 5th Revised Sheet No. 50.31 filed on January 29, 2021 and Ms. Starkebaum's supporting work papers. Staff also reviewed Eversource 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 100% of the true-up amount for RP8 and AP11 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

Attachment A includes three charts summarizing Eversource Missouri Metro's eleven FAC rate adjustment filings. Chart 1 illustrates: (1) Eversource 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 two accumulation period have over-recovered amounts. Chart 2 illustrates Eversource Missouri Metro's FAC cumulative underrecovered amount at the end of each accumulation period, with the cumulative under-recovered amount through AP11 of approximately \$247 million. Chart 3 illustrates that for Eversource Missouri Metro's accumulation periods one through eleven, Eversource Missouri Metro under-recovered an average of 17% of its ANEC.

### **Staff Recommendation**

Eversource Missouri Metro timely filed its 5th Revised Sheet No. 50.31 on January 29, 2021, and it complies with the Commission's *Report and Order* and its *Order Regarding Compliance Tariff Sheets* in Case No. ER-2018-0145, Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Eversource Missouri Metro's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H)<sup>9</sup> 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.

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<sup>9</sup> Effective January 30, 2019.

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;

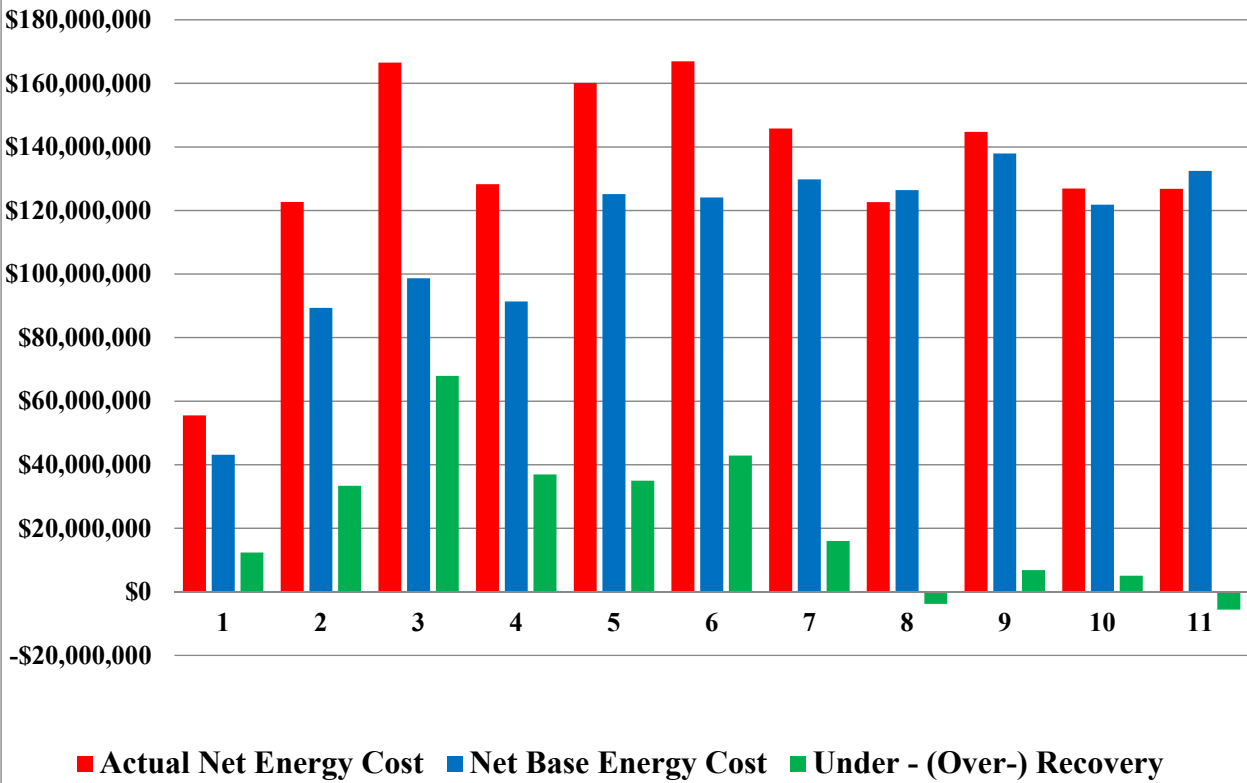
Eversource Missouri Metro requests that its proposed 5th Revised Sheet No. 50.31, filed January 29, 2021, become effective on April 1, 2021. The Company filed the tariff sheet with 60 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet become effective on April 1, 2021:

P.S.C. Mo. No. 7

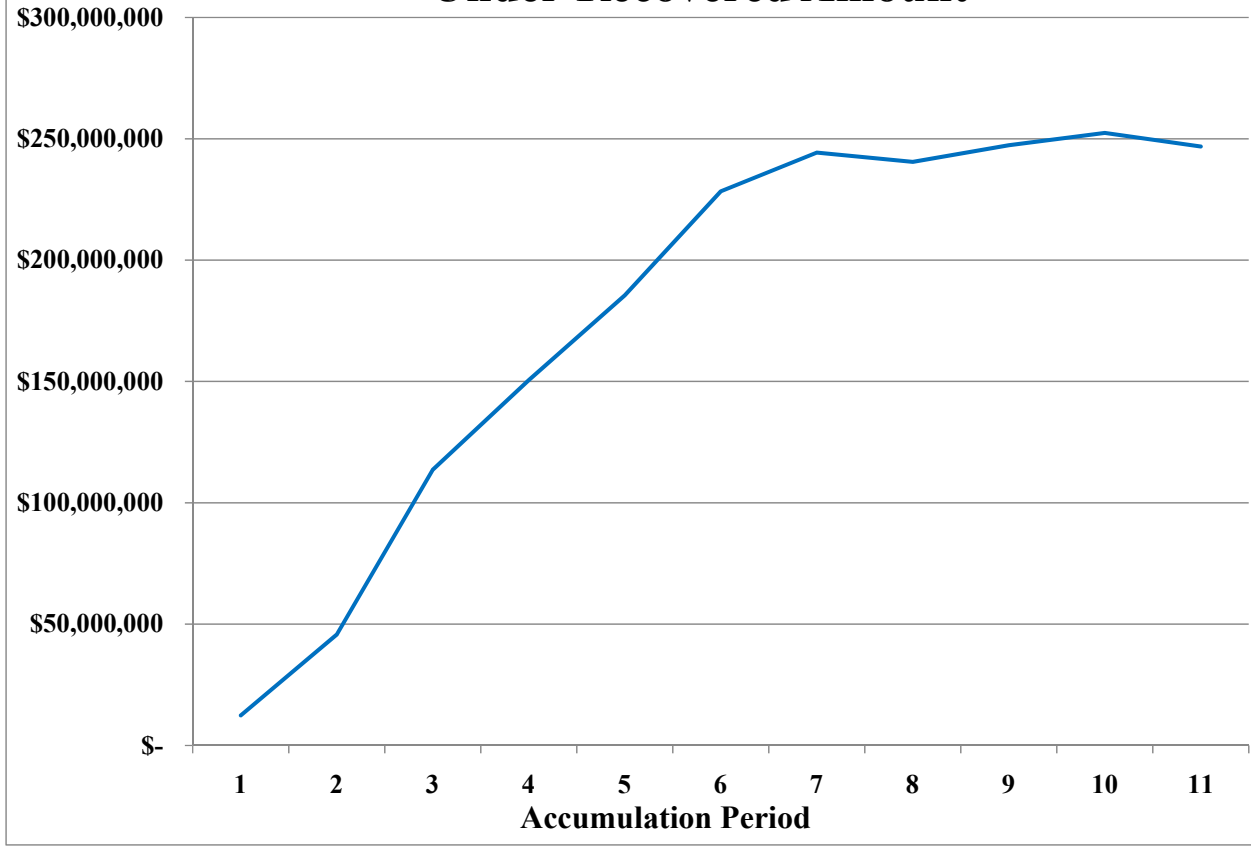
5th Revised Sheet No. 50.31 Canceling 4th Revised Sheet No. 50.31

Staff verified that Eversource Missouri Metro is not delinquent on any assessment and filed its 2019 Annual Report. Eversource 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 Eversource Missouri Metro's RP8 true-up filing in File No. EO-2021-0243, 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 Eversource Missouri Metro's calculations and is not indicative of the prudence of the actual net energy costs incurred during AP11.

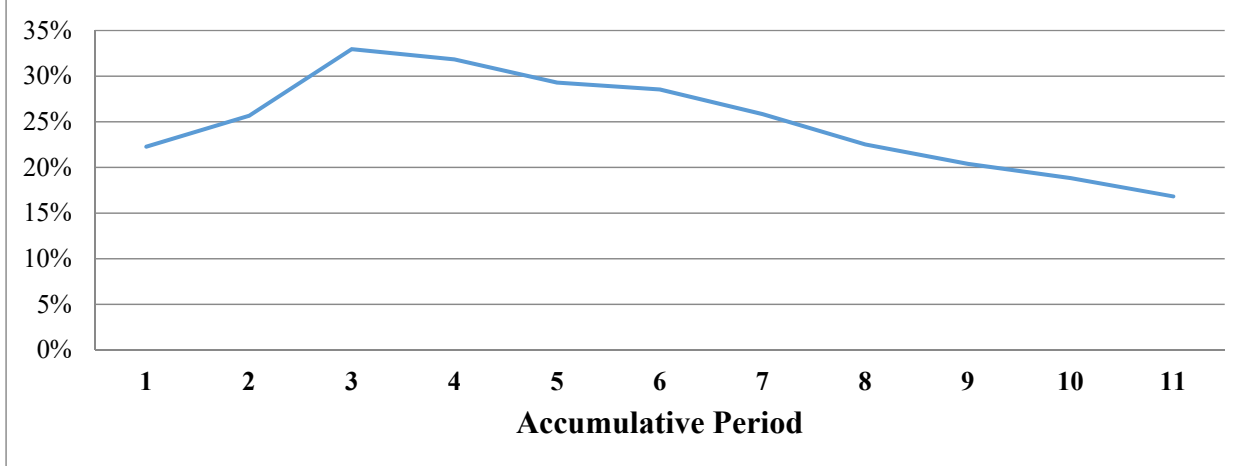
**CHART 1: EVERGY MISSOURI METRO FAC COSTS**



**Chart 2:  
Evergy Missouri Metro FAC Cumulative  
Under-Recovered Amount**



**Chart 3: Evergy Missouri Metro FAC  
Annual Cumulative Under-Recovered Percent**



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

|                                     |   |                       |
|-------------------------------------|---|-----------------------|
| In the Matter of Evergy Metro, Inc. | ) |                       |
| d/b/a Evergy Missouri Metro for     | ) | File No. ER-2021-0244 |
| 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 LISA WILDHABER,  
BROOKE MASTROGIANNIS, CYNTHIA M. TANDY**

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

COME NOW Lisa Wildhaber, Brooke Mastrogiannis, 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/ Lisa Wildhaber  
Lisa Wildhaber

/s/ Brooke Mastrogiannis  
Brooke Mastrogiannis

/s/ Cynthia M. Tandy  
Cynthia M. Tandy