

**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) **Case No. EO-2022-0173**
West Containing its Semi-Annual Fuel)
Adjustment Clause True-Up.)

In the Matter of the Application of Evergy)
Missouri West, Inc. d/b/a Evergy Missouri) **Case No. ER-2022-0174**
West for Authority to Implement Rate) **Tracking No. JE-2022-0193**
Adjustments Required by 20 CSR 4240-)
20.090(8) and the Company's Approved)
Fuel and Purchased Power Cost Recovery.)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation*, states herein as follows:

Case No. EO-2022-0173:

1. On December 30, 2021, Evergy Missouri West, Inc., d/b/a Evergy Missouri West (“Evergy Missouri West”), filed with the Commission, along with the direct testimony and supporting schedules of Evergy Missouri West witness Lisa A. Starkebaum, its Fuel Adjustment Clause (“FAC”) true-up filing under the provisions in 20 CSR 4240-20.090(9). According to Evergy Missouri West’s true-up filing, in the aggregate for Recovery Period 26 (“RP26”) (September 1, 2020 through August 31, 2021), Evergy Missouri West over-collected from its customers \$567,444 following its Accumulation Period 26 (“AP26”) (December 1, 2019 through May 31, 2020).

2. Staff reviewed the direct testimony of Evergy Missouri West witness Lisa A. Starkebaum, the supporting schedules Evergy Missouri West provided with its

application in this case, and the monthly information Evergy Missouri West submitted to the Commission in accordance with 20 CSR 4240-20.090(9).

3. Based on its review and analysis of the information Evergy Missouri West filed and submitted for RP26, Staff has determined that Evergy Missouri West's calculations for the true-up amounts for RP26, including the calculation of monthly interest, are correct.

4. Therefore, Staff recommends the Commission **APPROVE** Evergy Missouri West's twenty-sixth true-up filing for RP26 during which Evergy Missouri West over-collected \$567,444 from its customers. The over-collected amount will be refunded to the customers as it will be included in Evergy Missouri West's proposed changes to its current period fuel adjustment rates in its semi-annual FAC filing in File No. ER-2022-0174, filed on December 30, 2021, for Accumulation Period 29 (June 1, 2021 through November 30, 2021).

Case No. ER-2022-0174:

5. Also on December 30, 2021, Evergy Missouri West filed one (1) proposed tariff sheet, 6th Revised Sheet No. 127.23, Canceling 5th Revised Sheet No. 127.23, bearing a proposed effective date of March 1, 2022, to revise Evergy Missouri West's current annual Fuel Adjustment Rates ("FARs") (lines 16, 19, 22, and 25 on 6th Revised Sheet No. 127.23) of its Fuel Adjustment Clause ("FAC"). Evergy Missouri West also filed the direct testimony of Lisa A. Starkebaum on December 30, 2021, and submitted to Staff workpapers in support of the direct testimony and proposed tariff sheet. Subsequently, Evergy Missouri West filed a substitute tariff sheet on January 20, 2022, and submitted to Staff workpapers in support of the substitute tariff sheet. In Evergy Missouri West's

substitute filing letter, it explained the Company had erroneously excluded updating the amounts approved in the 28th Accumulation Period, Case No. ER-2022-0005, in the Plant-In-Service Accounting (“PISA”) calculation of the Average Overall Rate and Class Average Overall Rate for Large Power (“LP”) customers. As a result of this correction, there is no PISA adjustment to the LP customer class.

6. Staff reviewed Evergy Missouri West’s proposed 6th Revised Sheet No. 127.23, as substituted on January 20, 2022, Canceling 5th 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 AP29. 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 6th Revised Tariff Sheet No. 127.23. 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 AP29 and verified that the monthly interest rates and calculations of monthly interest amounts are correct.

7. The information filed with the proposed tariff sheet and workpapers 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 AP29.

8. Attachment A to Staff's accompanying memorandum includes three charts providing a summary of Evergy Missouri West's twenty-nine (29) 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-four (24) 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 AP29 of approximately \$372 million. Chart 3 illustrates Evergy Missouri West's FAC cumulative under-recovered percentage at the end of each accumulation period with the cumulative under-recovered percentage through AP29 of approximately 12%.

9. Staff concludes that the tariff sheet as substituted on January 20, 2022, complies with the Commission's *Report and Order* in Case No. ER-2018-0146, Commission Rule 20 CSR 4240-20.090, Section 393.1400.5, RSMo, and Evergy Missouri West's FAC as embodied in its tariff. Therefore, Staff recommends the Commission **APPROVE** the proposed 6th Revised Sheet No. 127.23, as substituted on January 20, 2022, canceling 5th Revised Sheet No. 127.23 of the FAC for Evergy Missouri West, for service rendered on and after March 1, 2022.

PSC Mo. No. 1

6th Revised Sheet No. 127.23, canceling 5th Revised Sheet No. 127.23

WHEREFORE, Staff prays that the Commission will
accept *Staff's Recommendation* in fulfillment of its *Orders* of January 3, 2022, in Case No. EO-2022-0173 and of January 3, 2022, in Case No. ER-2022-0174.

Respectfully,

/s/ Kevin A. Thompson
KEVIN A. THOMPSON
Missouri Bar No. 36288
Chief Staff Counsel

Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Attorney for the Staff of the Missouri
Public Service Commission.

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served, electronically or by First Class United States Mail, upon the parties hereto pursuant to the Service List maintained by the Commission's Data Center, **on this 28th day of January, 2022.**

/s/ Kevin A. Thompson

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2022-0174, Tariff Tracking No. JE-2022-0193

FROM: Cynthia M. Tandy, Senior Utility Regulatory Auditor

/s/ Cynthia M. Tandy 01-28-2022 */s/ Kevin A. Thompson 01-28-2022*
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: January 28, 2022

Staff Recommendation

On December 30, 2021, Evergy Missouri West, Inc., d/b/a Evergy Missouri West (“Evergy Missouri West”) filed one (1) tariff sheet, 6th Revised Sheet No. 127.23, Canceling 5th Revised Sheet No. 127.23, bearing a proposed effective date of March 1, 2022, to revise Evergy Missouri West’s current annual Fuel Adjustment Rates (“FARs”) (lines 16, 19, 22, and 25 on 6th Revised Sheet No. 127.23) of its Fuel Adjustment Clause (“FAC”). Evergy Missouri West also filed the direct testimony of Lisa A. Starkebaum on December 30, 2021, and submitted to Staff work papers in support of the direct testimony and filed tariff sheet. Subsequently, Evergy Missouri West filed a substitute tariff sheet on January 20, 2022, and submitted to Staff work papers in support of the substitute tariff sheet. In Evergy Missouri West’s substitute filing letter it explained the Company had erroneously excluded updating the amounts approved in the 28th Accumulation Period, Case No. ER-2022-0005, in the Plant In Service Accounting (“PISA”) calculation of the Average Overall Rate and Class Average Overall Rate for Large Power (“LP”) customers. As a result of this correction, there is no PISA adjustment to the LP customer class.

During this Accumulation Period 29 (“AP29”) 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. 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 August 2021 resulting from SPP resettlements, Eversource Missouri West incurred approximately \$293.4 million of extraordinary costs in excess of the three-year average. This amounts to a \$3.9 million reduction from the \$297.3 million excluded from the previous 28th accumulation period. This \$3.9 million reduction in Winter Storm Uri costs has been included in the current AP29 FAR calculation as the activity flowed through the general ledger in June and August 2021.

Staff recommends the Commission issue an order approving the 6th Revised Sheet No. 127.23, as substituted on January 20, 2022, canceling 5th Revised Sheet No. 127.23 of the FAC for Eversource Missouri West, to become effective on March 1, 2022.

Accumulation Period 29 FARs

The testimony and work papers include information supporting Eversource Missouri West's calculation of the Fuel and Purchased Power Adjustment ("FPA") amount of \$47,488,718 (line 11¹ of 6th Revised Sheet No. 127.23, as substituted on January 20, 2022) for AP29 (June 1, 2021 through November 30, 2021) reflecting the sum of:

1. The amount of \$47,858,952 on line 7 of 6th Revised Sheet No. 127.23, which is equal to 95% of the difference between: a) Eversource Missouri West's Missouri jurisdiction² Actual Net Energy Costs ("ANEC") (fuel costs plus net emission costs plus purchased power costs plus transmission costs less off-system sales revenue less renewable energy credit revenue), and b) Eversource Missouri West's Missouri jurisdiction Net Base Energy Cost;
2. The true-up amount³ reflected on line 8 of 6th Revised Sheet No. 127.23, of \$(567,444); and,
3. The interest amount reflected on line 9 of 6th Revised Sheet No. 127.23, of \$197,210.

¹ 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.

² See line 4 of 6th Revised Sheet No. 127.23 and definition of J on Original Sheet No. 127.21.

³ The true-up amount was requested by Eversource Missouri West in its December 30, 2021 filing in File No. EO-2022-0173.

The proposed Current Period Eversource Missouri West FAR of \$0.00550 per kWh (line 13 of substitute 6th Revised Sheet No. 127.23) is equal to Eversource Missouri West's FPA amount of \$47,488,718 divided by the estimated Recovery Period 29 ("RP29")⁴ Retail Net System Input ("RNSI") at the generator level⁵ ("SRP") of 8,632,897,538 kWh (line 12 of 6th Revised Sheet No. 127.23, as substituted on January 20, 2022).

Because of differences in line losses for secondary, primary, substation, and transmission voltage service levels,⁶ 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 Eversource Missouri West's FAC for AP29 are set out in its tariff sheets identified in the following table:

| 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 |

Listed below are Eversource Missouri West's proposed Current Annual FARs on 6th Revised Sheet No. 127.23, substituted on January 20, 2022, and the Eversource Missouri West Current Annual

⁴ RP29 includes March 1, 2022 through February 28, 2023.

⁵ See definition of SRP on Original Sheet No. 127.22.

⁶ The voltage adjustment factors (VAFs) for Eversource Missouri West for primary, secondary, substation and transmission voltage service levels are included on lines 26 through 29 of 6th Revised Sheet No. 127.23, substituted January 20, 2022.

FARs on 5th 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 6th Revised Sheet No. 127.23, as substituted January 20, 2022 | Currently Effective 5th Revised Sheet No. 127.23 | Difference |
| Secondary | \$0.00650 | \$0.00194 | \$0.00456 Increase |
| Primary | \$0.00641 | \$0.00191 | \$0.00450 Increase |
| Substation | \$0.00632 | \$0.00188 | \$0.00444 Increase |
| Transmission | \$0.00631 | \$0.00188 | \$0.00443 Increase |

The proposed changes to FARs will result in an increase to the typical Evergy Missouri West residential customer’s monthly bill (based on 1,000 kWh) before taxes of \$4.56, i. e., from \$1.94 to \$6.50.

In her direct testimony Ms. Starkebaum states:

Evergy Missouri West’s Actual Net Energy Costs (“ANEC”) with the additional \$3.9 million in resettlements of February 2021 related to Winter Storm Uri, exceeds the base energy costs included in base rates by approximately \$50.4 million. When compared to the prior 28th accumulation period, the ANEC are \$52 million higher in the 29th accumulation period than the previous 28th accumulation period primarily due to a 54% increase in purchased power expense of \$46.4 million. Fuel costs are higher in the 29th accumulation period by \$10.9 million driven by 29% more generation as well as higher natural gas prices. For June through November 2021, the published natural gas contract settlement price averaged \$4.51, which is 64% higher than the \$2.75 averaged in December 2020 through May 2021. The 29th accumulation period of June through November is naturally warmer than the previous 28th accumulation period of December through May resulting in a 10% increase in demand. Lastly, during the 29th accumulation period, the Company experienced an 86% increase in off-system sales revenues of \$5.2 million compared to the prior 28th accumulation period which offsets the increase in costs.⁷

⁷ Evergy Missouri West witness Lisa A. Starkebaum, Direct Testimony, pg. 6, ln. 4-18.

**PISA Deferrals Permitted Under Section 393.1400, RSMo, And Limitations On Rate
Modifications Permitted Under Section 393.1655, RSMo**

On December 31, 2018, Eversource 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.

Based upon its FAR filing, Eversource 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. Nor will the rate changes resulting from this proceeding cause Eversource Missouri West to exceed the average overall PISA rate cap of 3.00% for Eversource Missouri West that is set out in statute.

Staff Review

Staff reviewed Eversource Missouri West's proposed 6th Revised Sheet No. 127.23, as substituted on January 20, 2022, Canceling 5th Revised Sheet No. 127.23, the direct testimony of Eversource Missouri West witness Lisa A. Starkebaum and the work papers in this filing, in addition to Eversource Missouri West's monthly information reports filed in compliance with 20 CSR 4240-20.090(5) for AP29. 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 Eversource Missouri West's proposed 6th Revised Tariff Sheet No. 127.23⁸. Staff reviewed Eversource 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 AP29 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 Eversource 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 Eversource Missouri West for AP29.

Attachment A includes three charts providing a summary of Eversource Missouri West's twenty-nine (29) FAC rate adjustment filings. Chart 1 illustrates a) Eversource Missouri West's actual

⁸ Due to resettlement adjustments for Winter Storm Uri the actual June and August 2021 amounts are not included in this proposed 6th Revised Sheet No. 127.23..

net energy cost, net base energy cost and under- (over-) recovery amounts for each accumulation period, and b) that there have been twenty-four (24) accumulation periods with under-recovered amounts and five (5) accumulation periods with over-recovered amounts (AP10, AP16, AP17, AP18, and AP26). Chart 2 illustrates Eversource Missouri West's FAC cumulative under-recovered amount at the end of each accumulation period with the cumulative under-recovered amount through AP29 of approximately \$372 million. Chart 3 illustrates Eversource Missouri West's FAC cumulative under-recovered percentage at the end of each accumulation period with the cumulative under-recovered percentage through AP29 of approximately 12%.

Staff Recommendation

Staff concludes that the tariff sheet as substituted on January 20, 2022, complies with the Commission's *Report and Order* in Case No. ER-2018-0146, Commission Rule 20 CSR 4240-20.090, Section 393.1400.5 RSMo, and Eversource Missouri West's FAC as embodied in its tariff.

Eversource Missouri West requested that the 6th Revised Tariff Sheet No. 127.23, as substituted on January 20, 2022, Canceling 5th Revised Tariff Sheet No. 127.23, become effective on March 1, 2022. Based on its examination and analysis of the information Eversource Missouri West filed and submitted in this case, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet take effect on March 1, 2022:

P.S.C. Mo. No. 1
6th Revised Sheet No. 127.23 Canceling 5th Revised Sheet No. 127.23

Staff has verified that Eversource Missouri West is not delinquent on any assessment and has filed its 2020 Annual Report. Eversource 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 Eversource Missouri West's RP26 true-up filing in File No. EO-2022-0173 (also filed on December 30, 2021) and File No. EU-2021-0283, which the overall impact is unknown at this time, 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 Eversource Missouri West's calculations, and is not indicative of the prudence of the fuel costs during AP29.