

**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 Adjustments Required by	)	<b><u>File No. ER-2024-0027</u></b>
20 CSR 2040-20.090(8) and the	)	Tracking No. JE-2024-0013
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”), by and through counsel, and for its *Staff Recommendation for Approval of Tariff Sheet* respectfully states:

1. On July 31, 2023, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro” or “Company”) filed one (1) tariff sheet, P.S.C. MO. No. 7 1st Revised Sheet No. 50.42, bearing a proposed effective date of October 1, 2023, and cancelling P.S.C. MO. No. Original Sheet No. 50.42. This tariff is designed to implement an adjustment to its Fuel and Purchased Power Adjustment Clause (“FAC”). Evergy Missouri Metro also filed the direct testimony of Lisa Starkebaum on July 31, 2023, and submitted to Staff work papers in support of the direct testimony and filed tariff sheet. This tariff sheet was assigned tariff tracking number JE-2024-0013.

2. Also on July 31, 2023, Evergy Missouri Metro filed an application in File Number EO-2024-0026, which contained its true-up filing for its FAC.

3. On August 1, 2023, the Commission ordered that any person wishing to intervene in this matter may do so by August 16, 2023. As of the date of this filing, no parties have filed to intervene in this matter.

4. Also on August 1, 2023, the Commission ordered that Staff shall file its recommendation regarding its examination and analysis of Evergy Missouri Metro's application and tariff, in accordance with 20 CSR 4240-20.090(4), no later than August 30, 2023.

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 July 31, 2023, to become effective on October 1, 2023.

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>

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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.

8. Evergy Missouri Metro's filing in this case requests Commission approval of one tariff sheet bearing an effective date of October 1, 2023, 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 \$2,628,389. This represents the total requested increase 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 during the 16<sup>th</sup> Accumulation Period ("AP"), including application of the Commission approved 95 percent sharing mechanism, plus the amount from the true-up for the 13<sup>th</sup> Recovery Period ("RP13") in File No. EO-2024-0026, and applicable interest.

10. The proposed changes to FARs will result in an increase to the typical Evergy Missouri Metro residential customer's monthly bill (based on 1,000 kWh), before taxes, from \$0.96 to \$1.26, for an increase of \$0.30.

11. After review, Staff determined that the following complies with the Commission's Order. Therefore, Staff recommends approval of:

P.S.C. MO. No. 7

1st Revised Sheet No. 50.42, Cancelling Original Sheet No. 50.42

12. Staff does not object to this tariff sheet taking effect on October 1, 2023, or as soon thereafter as is practicable.

13. Staff verified that Evergy Missouri Metro is not delinquent on any assessment and filed its 2022 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 RP13 true-up filing in File No. EO-2024-0026, 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 AP16.

**WHEREFORE**, Staff respectfully recommends the Commission issue an order approving P.S.C. Mo. No. 7, 1<sup>st</sup> Revised Sheet No. 50.42, Cancelling Original Sheet No. 50.42., to take effect on October 1, 2023.

Respectfully submitted,

**/s/ J. Scott Stacey**

J. Scott Stacey  
Deputy Counsel  
Missouri Bar No. 59027  
Attorney for the Staff of the  
Missouri Public Service Commission  
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573-751-9285 (Fax)  
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 28<sup>th</sup> day of August, 2023.

**/s/ J. Scott Stacey**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case  
File No. ER-2024-0027, Tariff Tracking No. JE-2024-0013

**FROM:** Cynthia M. Tandy, Lead Senior Utility Regulatory Auditor

**DATE:** /s/ Cynthia M. Tandy / 08-28-2023                      /s/ J. Scott Stacey/ 08-28-2023  
Energy Resources Department / Date                      Staff Counsel's Office / Date

**SUBJECT:** Staff Recommendation for 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 *Order Approving Stipulations and Agreements* and *Order Approving Compliance Tariffs* in Case No. ER-2022-0129.

**DATE:** August 28, 2023

On July 31, 2023, 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 1st Revised Sheet No. 50.42, bearing a proposed effective date of October 1, 2023, and cancelling P.S.C. MO. No. Original Sheet No. 50.42. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2024-0013 and ordered Staff to file its recommendation by August 30, 2023. In this tariff sheet, Evergy Missouri Metro proposes to revise its Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 16 ("AP16"). AP16 was January 1, 2023 through June 30, 2023. Staff recommends that the Commission approve 1st Revised Sheet No. 50.42 Canceling Original Sheet No. 50.42, and change the FAR.

Evergy Missouri Metro's July 31, 2023 filing includes the testimony of Evergy Missouri Metro witness Lisa A. Starkebaum, Manager – Regulatory Affairs at Evergy Missouri Metro, and associated work papers. Evergy Missouri Metro's calculation of its Fuel and Purchased Power Adjustment ("FPA") is \$2,628,389, as shown on line 11 of proposed 1st Revised Sheet No. 50.42. This FPA divided by the estimated retail sales of 8,847,484,844 kWh (line 12) results in a FAR of \$.00030 per kWh (line 13). This proposed AP16 FAR of \$.00030 per kWh is \$0.00059 less than the Accumulation Period 15 ("AP15") FAR of \$0.00089/kWh on line 13 of 9th Revised Sheet No. 50.31.

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

Evergy Missouri Metro's work papers for AP16 contain data and calculations for Actual Net Energy Cost ("ANEC") of \$141,378,316 (line 1), and Net Base Energy Cost ("B") of \$136,513,842 (line 2). For this filing, B equals sales of 7,493,147,998 kWh for January 2023 through June 2023 (line 2.2), multiplied by the Base Factor ("BF"). The BF was \$0.01675 from January 1 through January 8, 2023, and as a result of Evergy Missouri Metro's last general rate case, the BF of \$0.01829 was effective starting January 9, 2023. The difference between ANEC and B is \$4,864,474 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. 50.32 through 50.42.

### **Calculation of FPA Amount**

Evergy Missouri Metro's work papers and proposed 1st Revised Sheet No. 50.42 show the FPA amount of \$2,628,389 on line 11 is the sum of:

1. 95% of the difference between the ANEC and the B for AP16, which is \$3,175,889 (line 7);
2. The true-up amount for Recovery Period 13 ("RP13") of (\$906,622)<sup>1</sup> (line 8); and,
3. The interest amount of \$359,122 (line 9), which is the interest for AP16<sup>2</sup>.

### **Calculation of FAR**

The proposed FAR of \$0.00030 per kWh (line 13), is equal to the FPA amount of \$2,628,389 (line 11) divided by the estimated recovery period retail net system input ("NSI") of 8,847,484,844 kWh (line 12). This proposed FAR would be in effect for Recovery Period 16, which is Evergy Missouri Metro's billing months of October 2023 through September 2024.

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<sup>1</sup> See Staff Recommendation in File No. EO-2024-0026.

<sup>2</sup> Interest is defined on Evergy Missouri Metro, P.S.C.MO. No. 7, Original Sheet No. 50.39 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>3</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 AP16 FARs, the current AP15 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 AP16 Annual FAR</b>	<b>Current AP15 Annual FAR</b>	<b>Difference</b>
<b>Transmission</b>	\$0.00121	\$0.00092	\$0.00029 Increase
<b>Substation</b>	\$0.00121	\$0.00092	\$0.00029 Increase
<b>Primary</b>	\$0.00123	\$0.00094	\$0.00029 Increase
<b>Secondary</b>	\$0.00126	\$0.00096	\$0.00030 Increase

Based on a monthly usage of 1,000 kWh per month, the proposed change to the secondary FAR would result in an increase of the FAR of a typical Evergy Missouri Metro residential customer’s bill<sup>4</sup> by \$.30 per month, from \$.96 to \$1.26.

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<sup>3</sup> The voltage adjustment factors (“VAFs”) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 1st Revised Sheet No. 50.42.

<sup>4</sup> All residential customers take service at secondary voltage.

**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 Ms. Starkebaum’s direct testimony,

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. Base revenues have been updated with the results from the Company’s 2022 Case effective January 9, 2023 (Case No. ER-2022-0129). The compound average growth rate (“CAGR”) cap provisions of section 393.1655 RSMo. applied to this FAR filing are 15.3169% for the average overall rate cap and 10.0166% for the class average overall rate cap for Large Power customers. The FAC charge proposed in this filing does not exceed the average overall rate by more than 15.3169% and, as such, the provisions of section 393.1655.5 do not affect this FAR 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 10.0166% of the class average overall rate for this rate class. Therefore, there are no PISA adjustments in this filing.<sup>5</sup>

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 15.3169% for the overall rate cap and 10.0166% 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 1st Revised Sheet No. 50.42 filed on July 31, 2023, 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 AP16. 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

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<sup>5</sup> Ms. Starkebaum’s direct testimony, page 7, lines 3-16.



allowances, purchased power costs, and transmission costs, and renewable energy credit revenues on line 1 of Evergy Missouri Metro's proposed 1st Revised Sheet No. 50.42 filed on July 31, 2023, 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 four charts summarizing Evergy Missouri Metro's sixteen FAC rate adjustment filings. Chart 1 illustrates: (1) Evergy Missouri Metro's ANEC, B and under-(over-) recovery amounts for each accumulation period, and (2) that twelve accumulation periods have under-recovered amounts and four accumulation periods 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 AP16 of approximately \$265.5 million. Chart 3 illustrates that for Evergy Missouri Metro's accumulation periods one through sixteen, Evergy Missouri Metro under-recovered an average of 12% of its ANEC. Chart 4 illustrates Evergy Missouri Metro's FAR by customer class for each of the sixteen accumulation periods.

### **Staff Recommendation**

Evergy Missouri Metro timely filed its 1st Revised Sheet No. 50.42 on July 31, 2023, and it complies with the Commission's *Order Approving Stipulations and Agreements* and *Order Approving Compliance Tariffs* in Case No. ER-2022-0129, Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Evergy Missouri Metro's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H)<sup>6</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

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<sup>6</sup> Effective January 30, 2019.

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;

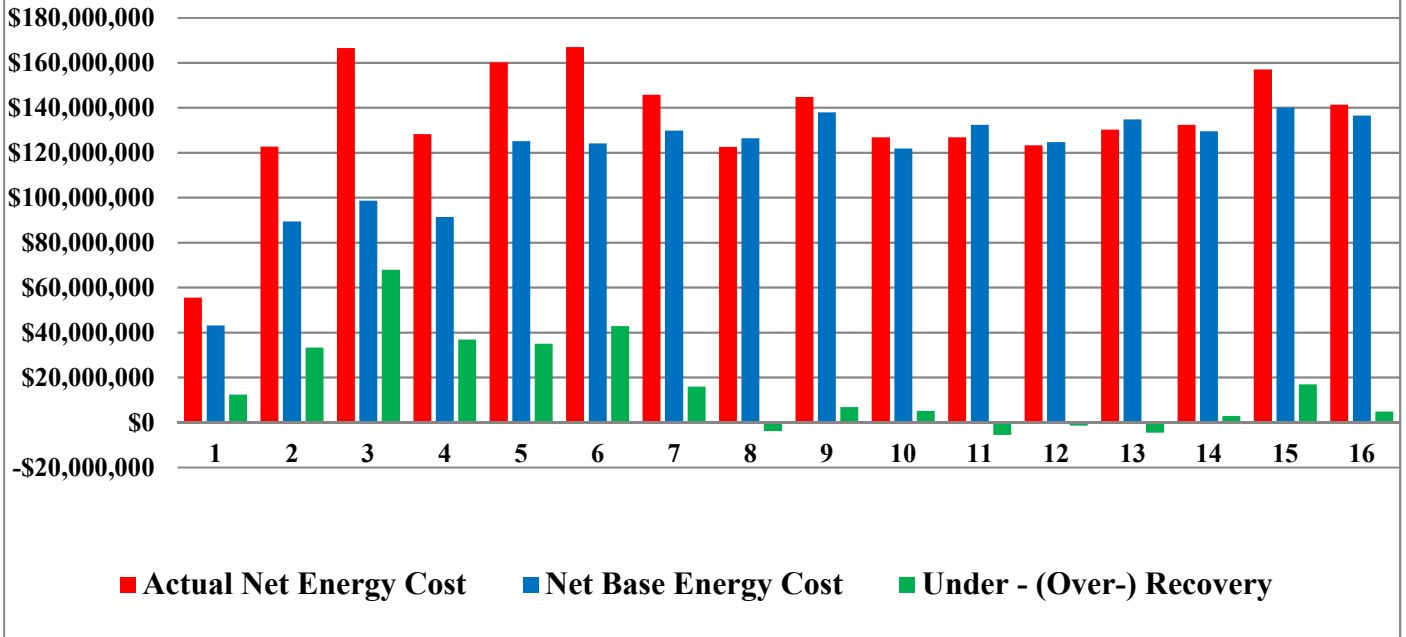
Evergy Missouri Metro requests that its proposed 1st Revised Sheet No. 50.42, filed July 31, 2023, become effective on October 1, 2023. The Company filed the tariff sheet with 60 days' notice. Staff, therefore, recommends the Commission issue an order approving the following proposed revised tariff sheet become effective on October 1, 2023:

P.S.C. Mo. No. 7

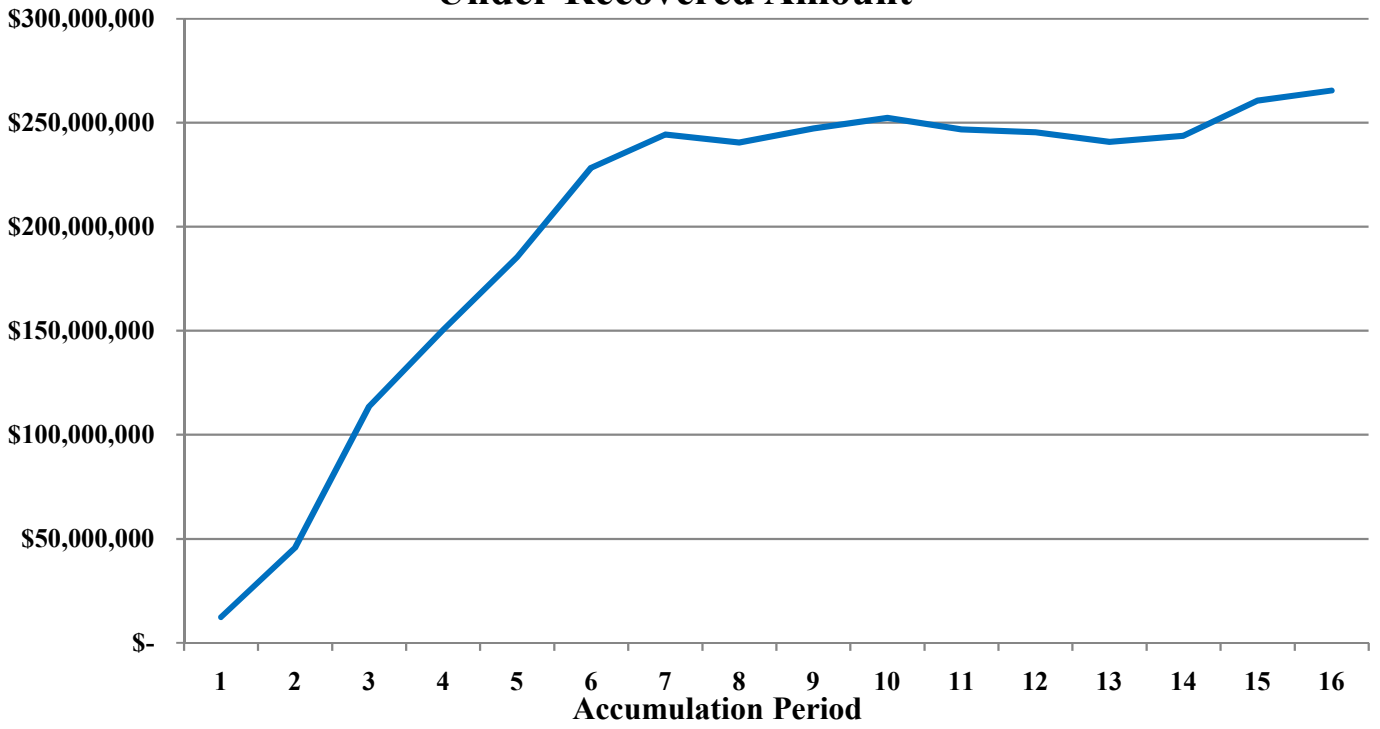
1st Revised Sheet No. 50.42, Cancelling Original Sheet No. 50.42

Staff verified that Evergy Missouri Metro is not delinquent on any assessment and filed its 2022 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 RP13 true-up filing in File No. EO-2024-0026, 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 AP16.

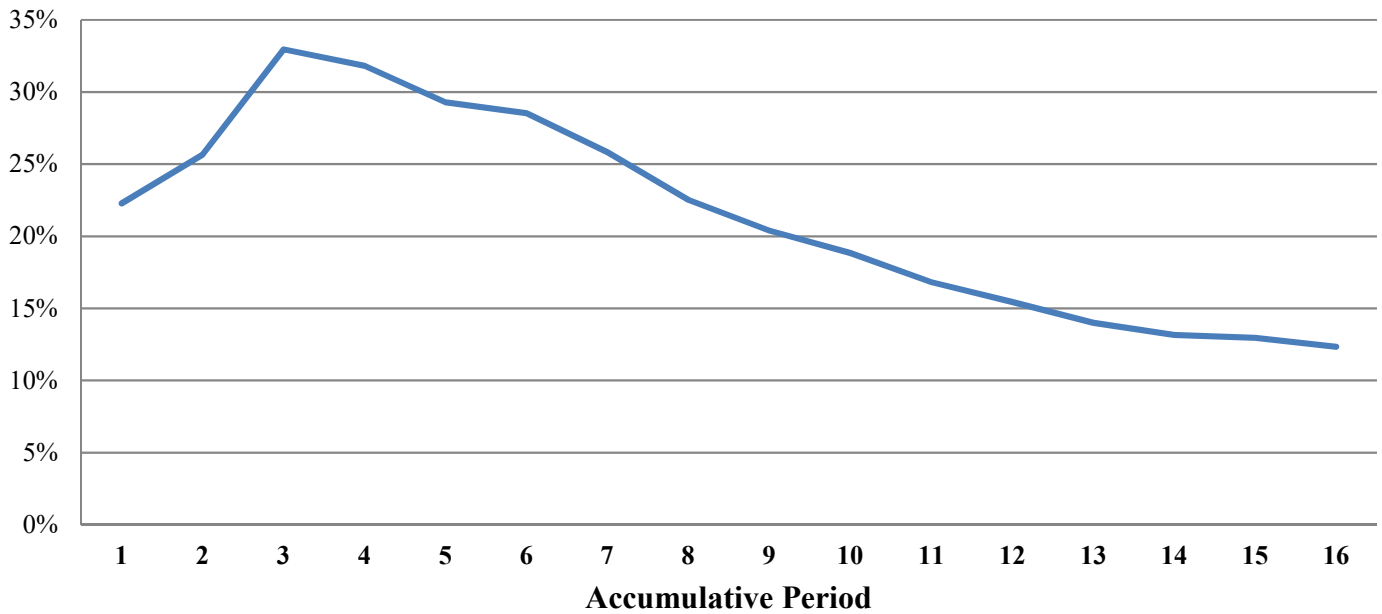
**CHART 1: EVERGY MISSOURI METRO FAC COSTS**



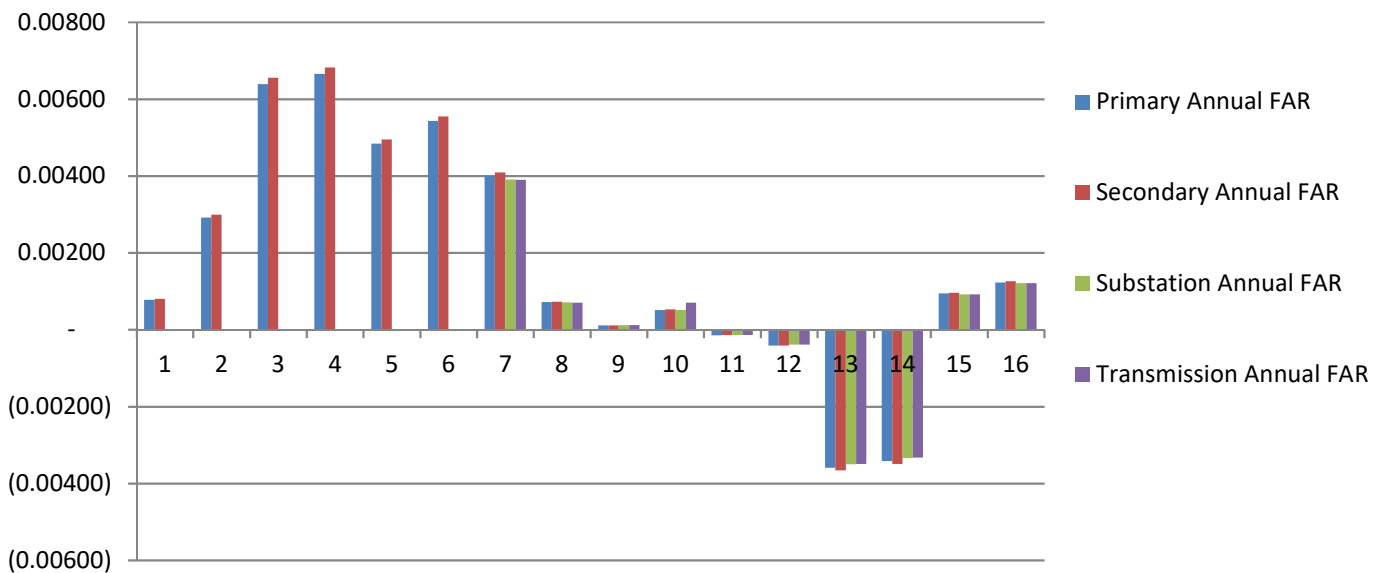
**Chart 2:  
Evergy Missouri Metro FAC Cumulative  
Under-Recovered Amount**



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



**CHART 4: EVERGY MO METRO FUEL  
ADJUSTMENT RATES**



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

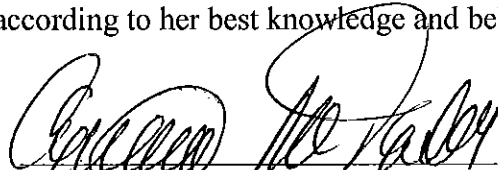
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20 CSR 2040-20.090(8) and the Company's )	
Approved Fuel and Purchased Power Cost )	
Recovery Mechanism )	

**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.

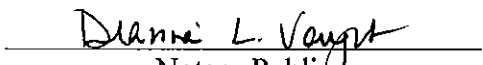
Further the Affiant sayeth not.

  
\_\_\_\_\_  
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 25<sup>th</sup> day of August, 2023.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public