Exhibit No.:	
Issue:	Fuel Adjustment Clause
Witness:	Lisa A. Starkebaum
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri Metro
Case No.:	ER-2021-____
Date Testimony Prepared:	January 29, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2021-_____

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

Kansas City, Missouri
January 2021

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. for	)	
Authority to Implement Rate Adjustments	)	
Required by 20 CSR 4240-20.090(8) and	)	
the Company's Approved Fuel and Purchased	)	
Power Cost Recovery Mechanism	)	Case No. ER-2021-____

AFFIDAVIT OF LISA A. STARKEBAUM

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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

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

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro, consisting of ten (10) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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

Lisa A. Starkebaum
Lisa A. Starkebaum

Subscribed and sworn to before me this 29th day of January 2021.

Anthony R Westenkirchner
Notary Public

My Commission expires:

4/26/2021

ANTHONY R WESTENKIRCHNER
Notary Public, Notary Seal
State of Missouri
Platte County
Commission # 17279952
My Commission Expires April 26, 2021

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2021-___

Q: Please state your name and business address.

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

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

A: I am employed by Evergy, Inc. or the "Company", as Manager, Regulatory Affairs.

Q: What are your responsibilities?

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

Q: Please describe your education.

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

Q: Please provide your work experience.

A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila, Inc. ("Aquila") where I worked in the Financial and Regulatory Reporting group as an Accountant, until joining Regulatory Accounting Services as a

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

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

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

Q: What is the purpose of your testimony?

A: In Case No. ER-2014-0370, Evergy Missouri Metro was authorized to implement a Fuel Adjustment Clause ("FAC"). A FAC is a way to ensure that customers pay only for the actual cost of fuel they use during a certain time-period rather than the estimated fuel costs set in base rates. This FAC tariff filing consists of a Fuel Adjustment Rate ("FAR") for Evergy Missouri Metro. My testimony supports the rate schedule filed to adjust rates for the FAC includable costs experienced during the six-month period July 2020 through December 2020. This six-month period represents the eleventh accumulation period under Evergy Missouri Metro's FAC, which was originally approved by the Commission in Case No. ER-2014-0370 ("2014 Case") and modified in Case Nos. ER-2016-0285 ("2016 Case") and ER-2018-0145 ("2018 Case"). The proposed FAC charge for Missouri residential customers is a credit of $0.00014 per kWh. Based on usage of 1,000 kWh per month, the customer will see a monthly credit of ($0.14). This represents a decrease of $0.67 to an Evergy Missouri Metro residential customer's monthly bill compared to the prior FAC.

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

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

For the eleventh accumulation period covering the period of July 2020 through December 2020, Evergy Missouri Metro's actual FAC includable costs were $3.1 million lower than the base energy costs included in base rates, a decrease of roughly $6.1 million compared to the prior tenth accumulation period of January 2020 through June 2020. In accordance with the Commission's rule and Evergy Missouri Metro's approved FAC, Evergy Missouri Metro is filing the FAC tariff that provides for a change in rates to refund 95% of those cost changes, or approximately $3.0 million before interest and adjustments.

In addition, a true-up filing is being made concurrent with this filing covering the eighth accumulation period of January 2019 through June 2019 and its corresponding recovery period of October 2019 through September 2020. The proposed eighth accumulation period true-up produces an over-refunded amount to customers of $996,065. This amount offsets the eleventh accumulation period refund of $3.0 million and interest of $3,156. Also included in this filing is an ordered Prudence Adjustment amounting to a credit of $199,104. These amounts combined result in a total eleventh accumulation period Fuel and Purchased Power Adjustment ("FPA") credit of approximately $2.2 million.

Q: Please explain the Prudence Adjustment mentioned above.

A: The Company has agreed to a Prudence Adjustment as stated in the *Order Approving Partial Stipulation and Agreement*, File No. EO-2020-0262 effective January 30, 2021, to remove the Missouri jurisdictional Montrose fuel costs amounting to a total of $199,104. This amount is comprised of two components: 1) $183,612 in Missouri retail Montrose costs identified in Accumulation Period 7 (ER-2019-0223) and 2) $15,492 in fuel residual costs identified in Accumulation Period 8 (ER-2020-0025). These amounts, with interest, have been included in this FAR filing. The additional interest calculation of $10,281 is provided in the workpaper support.

Q: What are some of the drivers impacting this semi-annual FAC filing?

A: Evergy Missouri Metro's Actual Net Energy Costs ("ANEC") are lower than base costs in this eleventh accumulation period and are lower by $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.

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

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

First, as of November 2020 the Company is excluding from purchased power expense the net amounts associated with the Renewable Energy Rider tariff. The Renewable Energy purchased power agreements ("PPAs") are structured with load offsetting SPP settlements. These settlements are often referred to as "revenue received from SPP." The PPA expense and offsetting SPP settlements are both recorded to the Company's general ledger in purchased power. The net amount is removed from the ANEC and FAR calculation. Metro's FAC tariff allows for the exclusion of the purchased power cost amounts associated with purchased power agreements associated with the Renewable Energy Rider tariff and the exclusion of the revenues from off-system sales amounts associated with purchased power agreements associated with the Renewable Energy Rider tariff.

Second, the Company has performed the plant in service accounting ("PISA") calculations to determine the impact, if any, of this semi-annual FAR filing on the Average Overall Rate and Class Average 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. The compound annual growth rate ("CAGR") cap provisions of section 393.1655 RSMo. applied to this FAR 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 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 4.7013% of the class average overall rate for this rate class. Therefore, there are no PISA adjustments in this FAR filing.

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

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

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

A: The proposed current period FARs for Evergy Missouri Metro's customers by voltage level is shown below:

Proposed Current Period FARs	
($ per kWh)	
Voltage	**Rates**
Transmission	($0.00025)
Substation	($0.00025)
Primary	($0.00026)
Secondary	($0.00026)

This is the difference between the base FAC includable costs and the actual costs incurred by the Company including interest and adjustments during the current eleventh accumulation period of July 2020 through December 2020 and will be billed over a recovery period running from April 2021 through March 2022.

The proposed FAR was calculated in the manner specified in the Company's FAC. Attached to my testimony, as Schedule LAS-1, is a copy of the tariff sheet with the current FAR, the prior period FAR and the total FAR that will be billed to customers over the recovery period. The FAR calculated for the nineth accumulation period has been removed as its recovery period will cease in March 2021. The FAR for the tenth accumulation period is added to the FAR for the current eleventh accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FARs for Evergy Missouri Metro customers are shown in the table below:

Proposed Current Annual FARs	
($ per kWh)	
Voltage	**Rates**
Transmission	($0.00014)
Substation	($0.00014)
Primary	($0.00015)
Secondary	($0.00014)

As stated earlier, this will result in a decrease of approximately $0.67 per month for residential customers using 1,000 kWh per month.

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

costs that Evergy Missouri Metro actually incurred during the Accumulation Period?

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

Q: Have each of these mechanisms been in effect throughout the FAC process since its inception in the 2014 Case?

A: Yes, Evergy Missouri Metro has made seven true-up filings, all of which were approved by the MPSC. The eighth true-up filing is being made concurrent with this semi-annual filing covering the eighth accumulation period of January 2019 through June 2019 and its corresponding recovery period of October 2019 through September 2020. The Company's calculation of the proposed true-up results in an amount over-refunded to customers and has been included in the calculation of the current proposed tariff change.

In addition, Evergy Missouri Metro is currently in its third prudence review, Case No. EO-2020-0262, with evidentiary hearings scheduled for January 27-28, 2021. However, as mentioned above, the Company has agreed to a Prudence Adjustment resulting from negotiations in this third prudence review as stated in the *Order Approving Partial Stipulation and Agreement*, File No. EO-2020-0262 effective January 30, 2021. As such, the Company has removed the Missouri jurisdictional Montrose fuel costs amounting to $199,104, plus interest, from this filing.

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

A: The Company requests the Commission approve the rate schedules to be effective as of April 1, 2021.

Q: Does this conclude your testimony?

A: Yes, it does.

FUEL ADJUSTMENT CLAUSE – Rider FAC
FUEL AND PURCHASE POWER ADJUSTMENT ELECTRIC
(Applicable to Service Provided December 6, 2018 and Thereafter)
Effective for Customer Usage Beginning April 1, 2021 through September 30, 2021

Accumulation Period Ending:			December 31, 2020
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)		$126,784,853
2	Net Base Energy Cost (B)	-	$132,404,495
	2.1 Base Factor (BF)		$0.01675
	2.2 Accumulation Period NSI (S_{AP})		7,904,745,999
3	(ANEC-B)		($5,619,643)
4	Jurisdictional Factor (J)	x	55.99231%
5	(ANEC-B)*J		($3,146,568)
6	Customer Responsibility	x	95%
7	95% *((ANEC-B)*J)		($2,989,240)
8	True-Up Amount (T)	+	$996,289
9	Interest (I)	+	$3,156
10	Prudence Adjustment Amount (P)	+	($199,104)
11	Fuel and Purchased Power Adjustment (FPA)	=	($2,188,899)
12	Estimated Recovery Period Retail NSI (S_{RP})	÷	8,823,920,002
13	Current Period Fuel Adjustment Rate (FAR)	=	($0.00025)
14			
15	Current Period FAR_{Trans} = FAR x VAF_{Trans}		($0.00025)
16	Prior Period FAR_{Trans}	+	$0.00011
17	Current Annual FAR_{Trans}	=	($0.00014)
18			
19	Current Period FAR_{Sub} = FAR x VAF_{Sub}		($0.00025)
20	Prior Period FAR_{Sub}	+	$0.00011
21	Current Annual FAR_{Sub}	=	($0.00014)
22			
23	Current Period FAR_{Prim} = FAR x VAF_{Prim}		($0.00026)
24	Prior Period FAR_{Prim}	+	$0.00011
25	Current Annual FAR_{Prim}	=	($0.00015)
26			
27	Current Period FAR_{Sec} = FAR x VAF_{Sec}		($0.00026)
28	Prior Period FAR_{Sec}	+	$0.00012
29	Current Annual FAR_{Sec}	=	($0.00014)
30	VAF_{Trans} = 1.0129		
31	VAF_{Sub} = 1.0162		
32	VAF_{Prim} = 1.0383		
33	VAF_{Sec} = 1.0592		