

Exhibit No.:
Issue: Fuel Adjustment Clause
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2024-0382
Date Testimony Prepared: June 28, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0382

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
June 2024**

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

In the Matter of the Application of Evergy Missouri)
West for Authority to Implement Rate Adjustments) Case No. ER-2024-0382
Required by 20 CSR 4240-20.090(8) and the)
Company's Approved Fuel and Purchased Power)
Cost Recovery Mechanism)

AFFIDAVIT OF LISA A. STARKEBAUM

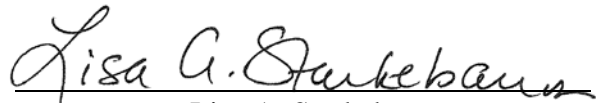
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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 as Manager, Regulatory Affairs.


2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy consisting of twelve (12) 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

Subscribed and sworn to before me this 28th day of June 2024.



Notary Public

My Commission expires:

4/26/2025



DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2024-0382

1 **Q: Please state your name and business address.**

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

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

5 A: I am employed by Evergy Metro, Inc. as Manager, Regulatory Affairs for Evergy
6 Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”), Evergy Missouri West, Inc.
7 d/b/a Evergy Missouri West (“EMW”), Evergy Metro, Inc. d/b/a Evergy Kansas
8 Metro (“Evergy Kansas Metro”), and Evergy Kansas Central, Inc. and Evergy
9 South, Inc., collectively d/b/a Evergy Kansas Central (“Evergy Kansas Central”).
10 These are the operating utilities of Evergy, Inc.

11 **Q: On whose behalf are you testifying?**

12 A: I am testifying on behalf of EMW (“Company”).

13 **Q: What are your responsibilities?**

14 A: My responsibilities include the coordination, preparation and review of financial
15 information and schedules associated with the compliance and rider mechanism
16 tariff filings for the above-mentioned operating utilities of Evergy, Inc.

17 **Q: Please describe your education.**

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

1 **Q: Please provide your work experience.**

2 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department
3 assisting with month-end close and reporting responsibilities. In 1997, I joined
4 Aquila, Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting
5 group as an Accountant, until joining Regulatory Accounting Services as a
6 Regulatory Analyst in 1999. I was employed by Aquila for a total of 11 years prior
7 to beginning my employment with KCP&L in July 2008 as a part of the acquisition
8 of Aquila, Inc., by Great Plains Energy Incorporated. Since that time, I have held
9 various positions with increasing responsibilities within Regulatory Accounting
10 Services and Regulatory Affairs. As a Lead Analyst in the Regulatory Affairs
11 department, my main areas of responsibility included the preparation of FERC and
12 jurisdictional reporting, and the preparation of rate cases and rate case support for
13 both KCP&L and GMO. In December 2015, I became a Supervisor, Regulatory
14 Affairs responsible for overseeing a team dedicated to compliance reporting and
15 was later promoted to Manager, Regulatory Affairs effective June 2018. In my
16 current position, I am responsible for overseeing various reporting requirements to
17 ensure Evergy is compliant with its jurisdictional rules and regulations, in addition
18 to the implementation of new reporting or commitments resulting from various rate
19 case orders and other regulatory filings. In addition, I oversee the coordination,
20 review and filing of the various rider mechanisms.

21 **Q: Have you previously testified in a proceeding before the Missouri Public**
22 **Service Commission (“MPSC” or “Commission”) or before any other utility**
23 **regulatory agency?**

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

6 **Q: What is the purpose of your testimony?**

7 A: The purpose of my testimony is to support the Fuel Adjustment Clause (“FAC”)
8 that has been filed by Evergy Missouri West (“Company”). This FAC tariff filing
9 consists of actual fuel and purchased power costs, net of off-system sales revenues
10 incurred by the Company. My testimony supports the rate schedule filed to adjust
11 rates for the adjusted FAC includable costs experienced during the six-month
12 period of December 2023 through May 2024. This six-month period represents the
13 34th accumulation period under Evergy Missouri West’s FAC, which was
14 originally approved by the Commission in Case No. ER-2007-0004 (“2007 Case”)
15 and modified in Case Nos. ER-2009-0090, ER-2010-0356 (“2010 Case”), ER-
16 2012-0175 (“2012 Case”), ER-2016-0156 (“2016 Case”), ER-2018-0146 (“2018
17 Case”) and ER-2022-0130 (“2022 Case”). The proposed FAC charge for residential
18 customers is a charge of \$0.00568 per kWh. Based on usage of 1,000 kWh per
19 month, the customer will see a monthly charge of \$5.68. This represents a decrease
20 of \$7.16 to an Evergy Missouri West residential customer’s monthly bill compared
21 to the current monthly FAC charge of \$12.84.

22 **Q: Please explain why Evergy Missouri West filed the FAC adjustment rate**
23 **schedules at this time.**

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

12 For the 34th accumulation period covering the period of December 2023
13 through May 2024, Eversource Missouri West’s actual FAC includable costs were
14 below the base energy costs included in base rates by approximately \$6.6 million.
15 In accordance with the Commission’s rule and the Company’s approved FAC,
16 Eversource Missouri West has calculated the FAC tariff that provides for a change in
17 rates to return to customers 95% of those cost changes, or approximately \$6.3
18 million, plus interest. These amounts are before true-up or any other adjustments.

19 In addition, a true-up filing is being made concurrent with this filing
20 covering the 31st accumulation period of June 2022 through November 2022 and
21 its corresponding recovery period of March 2023 through February 2024. The
22 proposed true-up amount consists of an over-recovery of \$3,554,389 plus a
23 transmission adjustment of \$2,141 offset by an FAC balance adjustment of

1 \$117,070 which amounts to a total over-recovery of \$3,439,460 to be returned to
2 customers.

3 In summary, all of these amounts combined including interest amounting to
4 \$2.8 million result in a proposed 34th accumulation period FPA of \$6.8 million to
5 be returned to customers. The tariff being submitted with this filing reflects rates
6 effective September 1, 2024.

7 **Q: What are some of the drivers impacting this accumulation period?**

8 A: Evergy Missouri West’s Actual Net Energy Costs (“ANEC”), are less than the base
9 energy costs included in base rates by approximately \$6.6 million. When compared
10 to the prior 33rd accumulation period, the ANEC are \$23.3 million lower in the
11 34th accumulation. This is due to a \$14.6 million, or 36%, decrease in fuel costs,
12 as well as a \$11.5 million, or 11%, decrease in purchased power expense. In
13 addition, there is approximately a \$2.4 million or 32% decrease in off-system sales
14 revenue. The 34th accumulation period of December 2023 through May 2024
15 typically has lower retail load requirements than the previous 33rd accumulation
16 period of June 2023 through November 2023. In addition, winter weather was 22%
17 warmer than normal with 563 fewer degree days contributing to a 10% decrease in
18 retail load demand over the 33rd accumulation period. Purchased power
19 requirements and lower off-system sales revenue were also impacted by lower
20 natural gas prices. For December 2023 through May 2024, the published NYMEX
21 natural gas contract settlement price averaged \$2.11, which is 20% lower than the
22 \$2.63 averaged in 33rd accumulation period.

1 **Q: Is there anything else worth noting for this semi-annual FAC filing that**
2 **should be mentioned?**

3 A: Yes there are a couple of items to mention.

4 First, on March 21, 2024, Case No. EA-2023-0291, the Commission
5 approved the Unanimous Stipulation and Agreement, effective April 20, 2024, for
6 the Dogwood Energy Facility acquisition. In this stipulation, the Company agreed
7 that the net revenues generated from the sale of energy and sale of capacity,
8 ancillary services revenues, and other applicable revenues (if any) associated with
9 EMW's percentage ownership in Dogwood shall not be recovered by ratepayers
10 (through the fuel adjustment clause or otherwise) and shall be retained by the
11 Company until new rates are effective from the 2024 general rate case, anticipated
12 for January 1, 2025 in Case No. ER-2024-0189. Dogwood amounts are identified
13 in the May 2024 workpapers and are not included in the ANEC.

14 **Q: Please describe the Company's process of tracking the impact on ANEC**
15 **related to customers serviced under the Special Incremental Load tariff,**
16 **Schedule SIL.**

17 A: As noted in Staff's Recommendation on January 29, 2024 in Case No. ER-2024-
18 0205:

19 "the Company and Staff agreed to settle the Nucor methodology that Staff raised
20 concerns with. This Second Agreement resulted in a calculation that will begin with
21 hour 1 for any event where Nucor load experiences a 25% deviation from the
22 expected Nucor load for more than 4 hours, and the event tracking of qualified
23 events will include the net of both positive and negative impacts for all identified

1 qualified events in each month. Additionally, one general ledger entry will be made
2 in the last month of each 6-month Accumulation Period, and this entry will only be
3 made if the net result of the event tracking is an increase to non-Nucor customers
4 during the 6-month Accumulation period, to decrease the FAR's ANEC and reduce
5 costs to non-Nucor customers. Then after the conclusion of an Accumulation
6 Period, the amount for the event tracking will be reset to zero.”

7 **Q: What was the impact or result of the event tracking procedure as it relates to**
8 **this 34th accumulation period?**

9 A: The Company has performed the calculations of the load balancing event tracking
10 for the months of November 2023 through April 2024 for this 34th accumulation
11 period of December 2023 through May 2024. The event tracking results in an
12 increase to non-Nucor customers; therefore, an entry to reduce the ANEC by
13 \$14,462 is included in May 2024 in this filing.

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

16 A: The proposed tariff rates are shown in Schedule LAS-1. The filing made in
17 conjunction with this testimony contains all the information as set in 20 CSR 4240-
18 20.090(8)(2)(A) which supports these proposed rates. In addition, I am submitting
19 a copy of the workpapers that support the determination of the current FAR.

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

22 A: The proposed current period FARs for Evergy Missouri West customers by voltage
23 level is shown below:

Proposed Current Period FARs	
Voltage	
Secondary	(\$0.00080)
Primary	(\$0.00078)
Substation	(\$0.00077)
Transmission	(\$0.00076)

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This is the difference between base FAC includable costs and the actual costs incurred by the Company including interest and any adjustments during the 34th accumulation period of December 2023 through May 2024 and will be included in billed FAC rates over the recovery period running from September 2024 through August 2025.

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The proposed FAR was calculated in the manner specified in the Company's FAC tariff. 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 32nd accumulation period has been removed as its recovery period will cease in August 2024. The FAR for the 33rd accumulation period is added to the FAR for the current 34th accumulation period to provide the annual FAR. Thus, given the proposed current FAR calculations, the annual FAR's for Evergy Missouri West customers are shown in the table below:

	ER-2024-0205		
	34th AP	33rd AP	
	Proposed 3rd Revised Sheet No. 127.34	Current 2nd Revised Sheet No. 127.34	
Voltage			Impact
Secondary	\$0.00568	\$0.01284	-\$0.00716
Primary	\$0.00554	\$0.01253	-\$0.00699
Substation	\$0.00548	\$0.01239	-\$0.00691
Transmission	\$0.00544	\$0.01229	-\$0.00685

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These proposed rates will be billed to customers from September 2024 through February 2025. As stated earlier, based on usage of 1,000 kWh per month, this will result in a monthly FAC charge of \$5.68, a decrease of \$7.16 to an Evergy Missouri West residential customer’s monthly bill compared to the current monthly FAC charge of \$12.84.

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Q: If the rate schedules filed by Evergy Missouri West 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 West actually incurred during the Accumulation Period?

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A: Evergy Missouri West’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

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1 reviews to ensure that only prudently incurred fuel and purchased power costs are
2 billed to customers through Evergy Missouri West’s FAC. These two mechanisms
3 serve as checks to ensure that the Company’s customers pay only the prudently
4 incurred, actual costs of fuel and purchased power used to provide electric service.

5 **Q: Have each of these mechanisms been in effect throughout the FAC process**
6 **since its inception in the 2007 Case?**

7 A: Yes, Evergy Missouri West is currently in its eleventh prudence review, Case No.
8 EO-2023-0277, for the review period of June 2021 through November 2022. Parties
9 resolved certain issues pertaining to purchased power and subsequent FAC
10 reporting through a Non-Unanimous Stipulation and Agreement which the
11 Commission approved on May 12, 2024. As part of that settlement, the Company
12 also agreed to include in this FAR filing an adjustment for Southwest Power Pool
13 (“SPP”) administrative fees of \$2,076 that were previously included in the FAC for
14 recovery. The \$2,076 in SPP administrative fees has been removed in this FAR
15 filing and can be seen in the supporting workpapers. For the remaining outstanding
16 issues, evidentiary hearings were held on May 22, 2024 and parties are awaiting a
17 Commission Order.

18 On September 14, 2022, in the Company’s tenth prudence review, Case No.
19 EO-2022-0065, the Commission approved the Non-Unanimous Stipulation and
20 Agreement filed on July 25, 2022 where the Company agreed, with no admission
21 of imprudence, to a one-time FAC adjustment for 2017 vintage expired RECs. The
22 Company refunded \$48,796 plus interest of \$1,968 in the 31st accumulation period
23 filing, Case No. ER-2023-0210.

1 On May 4, 2022, in the Company’s ninth prudence review, Case No. EO-
2 2020-0262, the Commission issued its Report and Order finding Evergy was
3 imprudent by not utilizing demand response programs to reduce energy costs for
4 its customers during the review period of June 2018 through November 2019.
5 Therefore, the Company refunded the amount of \$160,892 plus interest of \$10,613
6 in the 30th accumulation period filing, Case No. ER-2023-0011. Also in the ninth
7 prudence review, on January 20, 2021 an Ordered Adjustment for Sibley retirement
8 costs was stipulated by parties amounting to \$1,039,646, or \$984,898 Missouri
9 jurisdictional with 95% sharing applied. Based on the agreement by parties, rather
10 than recovering this amount through the FAC, the Company recorded the
11 \$1,039,646 in retirement costs to the Sibley AAO account for consideration in the
12 2022 general rate case, Case No. ER-2022-0130, and refunded the amount of
13 \$984,898 plus interest of \$53,550 in the 28th accumulation period FAR filing, Case
14 No. ER-2022-0005.

15 In all previous prudence reviews, the MPSC Staff indicated in each of their
16 reports that there were no areas of imprudence identified within the audits with the
17 exception of Staff’s recommendation in the Company’s third prudence review
18 which was taken before the Commission. However, following the Commission’s
19 review, the Commission issued its order stating no indication of imprudence by the
20 Company.

21 In addition, the Company has made 30 true-up filings, all of which were
22 approved by the MPSC. The 31st true-up filing is being made concurrent with this
23 filing covering the 31st accumulation period of June 2022 through November 2022

1 and its corresponding recovery period of March 2023 through February 2024. The
2 Company's calculation of the proposed true-up resulting in an over-recovery for
3 Evergy Missouri West has been included in the calculation of the current proposed
4 tariff change.

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

7 A: The Company requests the Commission approve the rate schedule to be effective
8 as of September 1, 2024.

9 **Q: Does this conclude your testimony?**

10 A: Yes, it does.

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

P.S.C. MO. No. 1 3rd Revised Sheet No. 127.34

Canceling P.S.C. MO. No. 1 2nd Revised Sheet No. 127.34

For Missouri Retail Service Area

FUEL ADJUSTMENT CLAUSE – Rider FAC
 FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
 (Applicable to Service Provided January 9, 2023 and Thereafter)
 Effective for the Billing Months of September 2024 through February 2025

Accumulation Period Ending: May 2024		
1	Actual Net Energy Cost (ANEC) = (FC+E+PP+TC-OSSR-R)	\$117,620,217
2	Net Base Energy Cost (B)	- \$124,225,291
	2.1 Base Factor (BF)	\$0.02983
	2.2 Accumulation Period NSI (S _{AP})	4,164,441,524
3	(ANEC-B)	(\$6,605,074)
4	Jurisdictional Factor (J)	x 99.70624%
5	(ANEC-B)*J	(\$6,585,671)
6	Customer Responsibility	x 95%
7	95% *((ANEC-B)*J)	(\$6,256,387)
8	True-Up Amount (T)	+ (\$3,447,726)
9	Interest (I)	+ \$2,861,158
10	Prudence Adjustment Amount (P)	+ \$0
11	Fuel and Purchased Power Adjustment (FPA)	= (\$6,842,955)
	11.1 PISA Deferral (Sec. 393.1400)	\$0
	11.2 FPA Subject to Recover in True-Up	\$0
12	Estimated Recovery Period Retail NSI (S _{RP})	÷ 9,258,966,183
13	Current Period Fuel Adjustment Rate (FAR)	= (\$0.00074)
14	Current Period FAR _{Sec} = FAR x VAF _{Sec}	(\$0.00080)
15	Prior Period FAR _{Sec}	+ \$0.00648
16	Current Annual FAR _{Sec}	= \$0.00568
17	Current Period FAR _{Prim} = FAR x VAF _{Prim}	(\$0.00078)
18	Prior Period FAR _{Prim}	+ \$0.00632
19	Current Annual FAR _{Prim}	= \$0.00554
20	Current Period FAR _{Sub} = FAR x VAF _{Sub}	(\$0.00077)
21	Prior Period FAR _{Sub}	+ \$0.00625
22	Current Annual FAR _{Sub}	= \$0.00548
23	Current Period FAR _{Trans} = FAR x VAF _{Trans}	(\$0.00076)
24	Prior Period FAR _{Trans}	+ \$0.00620
25	Current Annual FAR _{Trans}	= \$0.00544
26	VA _{Sec} = 1.0766	
27	VA _{Prim} = 1.0503	
28	VA _{Sub} = 1.0388	
29	VA _{Trans} = 1.0300	

Credits are shown in parentheses, e.g. (\$0.05).