

**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)	<u>File No. ER-2025-0217</u>
20 CSR 4240-20.090(8) and the)	Tracking: JE-2025-0121
Company's Approved Fuel and Purchased)	
Power Cost Recovery Mechanism)	

STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its recommendation states:

1. On January 31, 2025,¹ Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Metro") filed one tariff sheet, bearing an effective date of April 1, 2025, to revise its Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 19 ("AP19"). AP19 was July 1, 2024 through December 31, 2024. The tariff sheet is MO. P.S.C. No. 7, 4th Revised Sheet No. 50.42, Cancelling MO. P.S.C. Schedule No. 7, 3rd Revised Sheet No. 50.42. The Commission assigned it Tracking No. JE-2025-0121.

2. Concurrently on January 31, Evergy Metro submitted a FAC true-up authorization request filing in File No. EO-2025-0216, to identify the true-up amount of (\$872,202) and interest of \$288,915 for the 16th Recovery Period ("RP16") and AP19 of its FAC. This over-collection amount and interest are included in Evergy Metro's proposed changes to its current period fuel adjustment rates in its semi-annual FAC filing in this instant File No. ER-2025-2017, for AP19.²

¹ All date references will be to 2025 unless otherwise indicated.

² Lines 8 and 9 of the tariff schedule.

3. Commission Rule 20 CSR § 4240-20.090(8)(F) provides that “[w]ithin thirty (30) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the staff shall submit a recommendation regarding its examination and analysis to the commission[.]” Staff must determine if Evergy Metro’s proposed adjustments to its FAC rates are in accordance with 20 CSR § 4240-20.090 (“Fuel and Purchased Power Rate Adjustment Mechanisms”), § 386.266 RSMo, and the “FAC mechanism established, continued, or modified in the utility’s most recent general rate proceeding.”³

4. If the proposed rate adjustments are in accordance with the rule, statute, and FAC mechanism referenced above, 20 CSR § 4240-20.090(8)(H)(1) and (2) provide:

(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 [or]
2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order[.]

5. In the attached Staff Memorandum, marked **Appendix A**, Staff recommends that the Commission issue an order approving Evergy Metro’s proposed tariff sheet P.S.C. MO. No. 7, 4th Revised Sheet No. 50.42, Cancelling P.S.C. MO. No. 7, 3rd Revised Sheet No. 50.42, effective April 1, 2025. This sheet revises Evergy Metro’s FARs of its FAC for AP19 which ended December 31, 2024.

6. The fuel and purchased power adjustment (“FPA”) amount is \$2,329,380 (Tariff line 11), which results in a FAR of \$0.00026 per kWh (Tariff line 13). This AP FAR of \$0.00026 per kWh is \$0.00071 less than the Accumulation Period 18 FAR of \$0.00097/kWh on line 13 of 3rd Revised Sheet No. 50.42.

³ 20 CSR § 4240-20.090(8)(F)

7. As stated, the FPA amount is \$2,329,380. This amount is the sum of \$2,912,666 (Tariff line 7), the true-up amount for RP16 of (\$872,202) (Tariff line 8), and the interest amount of \$288,915 (Tariff line 9), which is the interest for AP19.

8. The FAR of \$0.00026 per kWh (Tariff line 13) is equal to the FPA amount of \$2,329,380 (line 11), divided by the estimated recovery period retail net system input of 8,893,846,174 kWh (line 12). The proposed FAR will apply to RP19, which is Evergy Metro’s billing months of April 2025 through March 2026.

9. As explained in the accompanying Staff memorandum, because of a difference in line losses, there are different FARs for transmission, substation, primary and secondary voltage service levels. Listed below are Evergy Metro’s proposed AP19 FARs, the current AP18 FARs, and the difference between them for transmission, substation, primary, and secondary voltage service.

Proposed and Current Annual Fuel Adjustment Rates \$ per kWh			
Service	Proposed AP19 Annual FAR	Current AP18 Annual FAR	Difference
Transmission	\$0.00127	\$0.00084	\$0.00043 increase
Substation	\$0.00128	\$0.00084	\$0.00044 increase
Primary	\$0.00129	\$0.00085	\$0.00044 increase
Secondary	\$0.00132	\$0.00087	\$0.00045 increase

10. Based on a monthly usage of 1,000 kWh per month, the proposed change to the secondary FAR will result in an increase of the FAR of a typical Evergy Metro residential customer's bill⁴ by \$0.45 per month, from \$0.87 to \$1.32.

11. Evergy Metro's witness explains the FAR's decrease:

EMM's Actual Net Energy Costs ("ANEC") is higher than the base energy costs included in base rates by approximately \$3.1 million. When compared to the prior 18th accumulation period, the ANEC is \$2.5 million higher. This is due to a \$23.6 million, or 24%, increase in fuel costs, plus a \$21.5 million, or 20% decrease in off system sales revenue, which is offset by a \$42.8 million, or 29%, decrease in purchased power expense. The 19th accumulation period of July through December typically has higher retail load requirements than the previous 18th accumulation period of January through June. Summer weather contributed to a 7% increase in retail load demand over the 18th accumulation period. Wolf Creek was back online after its 26th refueling outage, from March 28 through May 11, 2024.⁵

12. Except for Evergy's RP16 true-up filing in File No. EO-2025-0216, Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

13. The Staff's review shows Evergy Metro's filing is in compliance with Commission Rule 20 CSR § 4240-20.090, § 386.266, RSMo, and Evergy Metro's FAC embodied in its tariff. Staff verified that Evergy Metro is not delinquent on any assessment and filed its 2023 Annual Report. Evergy 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).

⁴ All residential customers take service at secondary voltage.

⁵ Evergy Metro witness Linda Nunn, Direct Testimony, page 4, line 15 through page 5, line 2.

WHEREFORE, Staff recommends that the Commission issue an order approving the following proposed tariff sheet, as filed on January 31, 2025, to become effective on April 1, 2025, subject to true-up and prudence review:

MO. P.S.C. No. 7, 4th Revised Sheet No. 50.42,
Cancelling MO. P.S.C. No. 7, 3rd Revised Sheet No. 50.42.

Respectfully submitted,

/s/ Paul T. Graham

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Attorney for the Staff of the
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CERTIFICATE OF SERVICE

The undersigned certifies by his signature below that on March 3, 2025, he filed the above captioned pleading in the EFIS file of the Missouri Public Service Commission.

/s/ Paul T. Graham

MEMORANDUM

TO: Missouri Public Service Commission Official Case
File No. ER-2025-0217, Tariff Tracking No. JE-2025-0121

FROM: Teresa L. Denney, Lead Senior Utility Regulatory Auditor

/s/ Teresa L. Denney 3-3-25
Energy Resources Department/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: March 3, 2025

On January 31, 2025, 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 4th Revised Sheet No. 50.42, bearing a proposed effective date of April 1, 2025, and canceling P.S.C. MO. No. 7 3rd Revised Sheet No. 50.42. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2025-0121 and ordered Staff to file its recommendation by March 3, 2025. In this tariff sheet, Evergy Missouri Metro proposes to revise its Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 19 ("AP19"). AP19 was July 1, 2024 through December 31, 2024. Staff recommends that the Commission approve 4th Revised Sheet No. 50.42, Canceling the 3rd Revised Sheet No. 50.42, and change the FAR.

Evergy Missouri Metro's January 31, 2025, filing includes the testimony of Evergy Missouri Metro witness Linda Nunn, 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 \$2,329,380, as shown on line 11 of proposed 4th Revised Sheet No. 50.42. This FPA divided by the estimated retail sales of 8,893,846,174 kWh (line 12) results in a FAR of \$0.00026 per kWh (line 13). This proposed AP19 FAR of \$0.00026 per kWh is \$0.00071 less than the Accumulation Period 18 ("AP18") FAR of \$0.00097/kWh on line 13 of 3rd Revised Sheet No. 50.42.

Calculation of Total Company Fuel and Purchased Power Difference

Evergy Missouri Metro's work papers for AP19 contain data and calculations for Actual Net Energy Cost ("ANEC") of \$153,568,261 (line 1) and Net Base Energy Cost ("B") of \$148,006,228 (line 2). For this filing, B equals sales of 8,092,194,001 kWh for July 2024 through December 2024 (line 2.2), multiplied by the Base Factor ("BF") of \$0.01829. The difference between ANEC and B is \$5,562,033, 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 4th Revised Sheet No. 50.42 show the FPA amount of \$2,329,380 on line 11 is the sum of:

1. 95% of the difference between the ANEC and the B for AP19, which is \$2,912,666 (line 7);
2. The true-up amount for Recovery Period 16 ("RP16") of \$(872,202)¹ (line 8); and,
3. The interest amount of \$288,915 (line 9), which is the interest for AP19².

Calculation of FAR

The proposed FAR of \$0.00026 per kWh (line 13), is equal to the FPA amount of \$2,329,380 (line 11) divided by the estimated recovery period retail net system input ("NSI") of 8,893,846,174 kWh (line 12). This proposed FAR would be in effect for Recovery Period 19, which is Evergy Missouri Metro's billing months of April 2025 through March 2026.

¹ See Staff Recommendation in File No. EO-2025-0216.

² 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,³ 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 AP19 FARs, the current AP18 FARs, and the difference between them for transmission, substation, primary, and secondary voltage service.

Proposed and Current Annual Fuel Adjustment Rates \$ per kWh			
Service	Proposed AP19 Annual FAR	Current AP18 Annual FAR	Difference
Transmission	\$0.00127	\$0.00084	\$0.00043 increase
Substation	\$0.00128	\$0.00084	\$0.00044 increase
Primary	\$0.00129	\$0.00085	\$0.00044 increase
Secondary	\$0.00132	\$0.00087	\$0.00045 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 bill⁴ by \$0.45 per month, from \$0.87 to \$1.32.

³ The voltage adjustment factors (“VAFs”) for transmission, substation, primary and secondary voltage service levels are included on lines 30 through 33, respectively, of 4th Revised Sheet No. 50.42.

⁴ All residential customers take service at secondary voltage.

In her direct testimony, Ms. Nunn states:

“EMM’s Actual Net Energy Costs (“ANEC”) is higher than the base energy costs included in base rates by approximately \$3.1 million. When compared to the prior 18th accumulation period, the ANEC is \$2.5 million higher. This is due to a \$23.6 million, or 24%, increase in fuel costs, plus a \$21.5 million, or 20% decrease in off system sales revenue, which is offset by a \$42.8 million, or 29%, decrease in purchased power expense. The 19th accumulation period of July through December typically has higher retail load requirements than the previous 18th accumulation period of January through June. Summer weather contributed to a 7% increase in retail load demand over the 18th accumulation period. Wolf Creek was back online after its 26th refueling outage, from March 28 through May 11, 2024.”⁵

Staff Review

Staff reviewed the proposed 4th Revised Sheet No. 50.42 filed on January 31, 2025, Ms. Nunn’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 AP19. 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 allowances, purchased power costs, and transmission costs, and renewable energy credit revenues on line 1 of Evergy Missouri Metro’s proposed 4th Revised Sheet No. 50.42 filed on January 31, 2025, along with Ms. Nunn’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.

Staff Recommendation

Evergy Missouri Metro timely filed its 4th Revised Sheet No. 50.42 on January 31, 2025, 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.

⁵ Evergy Missouri Metro witness Linda Nunn, Direct Testimony, page 4, line 15 through page 5, line 2.

Commission Rule 20 CSR 4240-20.090(8)(H)⁶ 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. 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 4th Revised Sheet No. 50.42, filed January 31, 2025, become effective on April 1, 2025. 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, 2025:

P.S.C. Mo. No. 7
4th Revised Sheet No. 50.42, Canceling 3rd Revised Sheet No. 50.42

Staff verified that Evergy Missouri Metro is not delinquent on any assessment and filed its 2023 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 RP16 true-up filing in File No. EO-2025-0216, 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 AP19.

⁶ Effective January 30, 2019.

