BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service	))))	 File No. ER-2022-0129 Tracking Nos. YE-2022-0200; YE-2022-0201
In the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service	))))	 File No. ER-2022-0130 Tracking Nos. YE-2022-0202

MECG STATEMENT OF POSITIONS

COMES NOW the Midwest Energy Consumers Group (MECG), and for its Statement of Positions, respectfully states:

I. Cost of Capital

A. What return on common equity should be used for determining the rate of return?

A. What impact, if any, should the passage of RSMo. section 393.400 have in determining the appropriate return on common equity?

Position: **Consistent with the testimony of OPC's David Murray, MECG recommends the Commission authorize a return on equity of 9% for both Evergy Metro and Evergy West. *See* Murray Direct p. 2.**

B. What capital structure should be used for determining the rate of return?

Position: MECG takes no position on this issue at this time.

C. What cost of debt should be used for determining rate of return?

Position: MECG takes no position on this issue at this time.

D. Should short-term debt be included in the capital structure of each company?

A. If so, at what level and at what cost?

Position: MECG takes no position on this issue at this time.

E. Should Evergy's rate base be adjusted to reflect a lower Allowance for Funds Used During Construction ("AFUDC") rate?

<u>Position:</u> MECG takes no position on this issue at this time.

F. Should the Commission order Evergy's AFUDC rate to be consistent with the cost of short-term debt?

<u>Position:</u> MECG takes no position on this issue at this time.

G. Should Evergy Metro's revenue requirement be reduced to capture the authorized financing charges/carrying costs for the loans Evergy Metro provided to Evergy MO West to finance Storm Uri?

<u>Position:</u> MECG takes no position on this issue at this time.

II. Sibley AAO and Net Book Value

A. Was the retirement of the Sibley generating facility before the end of its useful life prudent?

A. If no, what if any disallowance should the Commission order?

<u>Position:</u> **MECG takes no position on this issue at this time.**

B. What is the appropriate value for the regulatory liability from Case No. EC- 2019-0200?

<u>Position:</u> **The appropriate value of the Regulatory liability is $141,994,481.**

C. What is the amount of unrecovered investment associated with the Sibley Unit Retirements?

<u>Position:</u> **The unrecovered investment related to Sibley is approximately $254 million. This value assumes an original net book value of $301 million as shown in the Staff's and the Company's true-up accounting schedules used to set rates in its prior rate case. *See* Meyer Direct, p. 34.**

D. What reserve balances should be used for purposes of determining depreciation expense for Evergy West steam production units, consistent with the Commission's determination of Sibley's unrecovered investment?

<u>Position:</u> **The Commission should rely on the reserve balances that were used by the Staff in Evergy's last rate case to set rates updated for the accumulation of depreciation expense from the last case through the true-up in this case. In this case Evergy has attempted to decrease the accumulated depreciation reserve balances for the Jeffrey Energy**

Center, Iatan 1 and 2, and Lake Road generating units to account for a portion of the undepreciated balance from the Sibley unit retirements. By doing so, Evergy would recover a portion of the unrecovered investment from the Sibley retirements in depreciation expense over the life of those generating units. Evergy would also collect a rate of return on those plants' decreased levels of accumulated depreciation reserves as proposed by Evergy. The accumulated depreciation reserves that Evergy reduced to capture some of the unrecovered investment from the Sibley retirements need to be reinstated and new depreciation rates should be calculated for the Jeffrey Energy Center, Iatan 1 and 2, and Lake Road generating units. See Meyer Direct, pp. 33-37.

E. What is the proper amortization period for the regulatory liability related to Sibley?

Position: **The Commission should amortize the regulatory liability of $142 million over ten years. *See* Meyer Direct p. 37.**

F. What is the proper amortization period for the unrecovered depreciation investment from the Sibley retirement?

Position: **The Commission should amortize unrecovered investment in the Sibley units of approximately $254 million over 20 years. *See* Meyer Direct p. 37.**

G. Should the net book value be included in rate base?

Position: **No. The net book value is related to plant that is no longer used or useful, provides no benefits to ratepayers, and the company should not earn a return on that amount.**

H. Should the Regulatory liability for Sibley include a rate of return on the undepreciated balance from the time of retirement through the rates effective in this rate case?

Position: **The regulatory liability for Sibley should include a rate of return on the undepreciated balance. Ratepayers should not provide a profit stream for investments that**

are no longer used and useful. There is no debate that in mid-November 2018, the Sibley units were retired and ceased operations. At that time, the Sibley units stopped producing energy for Evergy customers and as such were not used and useful. To require ratepayers to continue to provide a profit return on plants that are not used and useful is wrong. Therefore, the return on the Sibley units should be accumulated from the date of retirement until the date for new rates in this rate case. *See* Meyer Direct p. 32.

I. Should the unrecovered investment in Sibley earn a weighted average cost of capital return on a going forward basis?

Position: **No. MECG is opposed to allowing a rate of return on the undepreciated investment resulting from the Sibley retirements.**

III. Resource Planning

A. Has Evergy West been imprudent in its resource planning process?

A. If yes, how should Evergy West's fuel and purchased power costs be determined?

B. If yes, how should Evergy West's FAC base factor be calculated?

C. If yes, how should Evergy West's accumulation period actual costs be adjusted for its FAC?

B. Should the Commission require Evergy to conduct a full retirement study of its coal fleet using optimized capacity expansion software, which identifies the optimal retirement date for each of its coal-fired units?

Position: MECG takes no position on these issues at this time.

IV. AMI

A. Should the Commission approve a disallowance related to the replacement of AMI meters with AMI meters that have the capability to disconnect/reconnect service (AMI-SD)?

B. Should the Commission order Evergy Metro to change its deployment strategy so that it no longer prioritizes customers in arrearage?

C. Did Evergy exceed the 6% annual PISA spend limit on AMI meters?

A. If yes, what actions, if any, should the Commission take in response?

Position: MECG takes no position on this issue at this time.

V. Fuel Adjustment Clause ("FAC")

A. Should SPP transmission costs be included in Evergy's FAC?

A. What is the appropriate percentage of transmission expenses that should be recovered through the FAC?

B. Should EMM and EMW be allowed to resume hedging activities as a mitigating strategy for its fuel and purchase power risk in both long and short term positions and be allowed to include its costs, gains, and losses in its FAC tariff sheets?

A. Should hedging gains and losses be included in Evergy's FAC?

a) If no, should the hedging costs and gains be recorded in regulatory asset and regulatory liability accounts for treatment determination in Evergy's next general rate case?

C. Should EMM and EMW's FAC tariffs include language that excludes net costs associated with purchased power agreements entered into after May 2019 whose costs exceed its revenues resulting in a net loss?

A. How should the margins for any wind purchased power agreements Evergy entered into after May 2019 be treated?

D. How should the costs and revenues of Evergy's current wind purchased power agreements be treated?

E. ***FAC Base Factor and Tariff & Eligible Accounts***

A. What are the base factors for EMM and EMW?

a) Should the cost of the Central Nebraska Public Power and Irrigation District ("CNPPID") hydro purchased power agreement be included in the FAC base factor calculation for Evergy Metro? (Metro Only)

b) Should the cost of Evergy Metro's Ponderosa and Evergy West's Cimarron Bend III wind PPAs be included in the FAC base factor calculation?

B. What are the updated transmission costs for EMM and EMW?

C. Should Southwest Power Pool ("SPP") transmission revenues be included in Evergy's FAC?

a) If yes, what percentage of transmission revenues should be included?

D. What are the appropriate FAC Voltage Adjustment Factors for EMM and EMW?

E. What, if any, SPP charge types should the Commission include in EMM and EMW's FAC tariff sheets?

F. Should the Commission allow EMM and EMW to include account 555070 for SPP purchased power administration fees in their FAC?

G. Should the Commission allow EMM and EMW to include natural gas reservation charges to the tariff to include account 547027 "Fuel OnSys Oth Prod-Demand in their FAC?

H. Should costs recorded in Account 501420 be included in Evergy's FAC?

a) Should the Commission allow EMM to include account 501420 to record fuel residual costs previously charged to account 502 and included in base rates?

I. Should the Commission allow Evergy to expand the FERC accounts impacted by the gains or losses to be reported for the sale of Renewable Energy Credits to be consistent throughout Evergy as well as to add more to the definition of a Renewable Energy Credit for accounts 411800 and 411900?

J. Should the Commission allow EMW to include account 501, Unit Train Maintenance and Property Taxes?

K. Should the Commission allow EMM to include amounts for Premium Ammonia, which was excluded in the previous rate case Base Factor calculation as account 547300?

L. Should the Commission allow Evergy to include amounts for Firm Bulk Sales (Capacity & Fixed), which was excluded in the previous rate case Base Factor calculation, in their FAC?

M. Should the Commission allow EMW to update the OSSR and PP definition to be more consistent with EMM's same definitions, on tariff sheets 127.26 and 127.28?

N. Should the Commission allow EMW to include an aux power adjustment in the FAC base factor calculation?

O. Should the Commission allow Evergy to change tariff language and the OSSR definition, for additional solar subscription pilot unsubscribed revenues to be imputed at 75%. EMM also updated their proposed tariff language in DR 257.2, "For future solar subscription projects, additional revenue will be added at an imputed 100% of the unsubscribed portion up to 50%"?

P. Should language that explicitly prohibits recovery of retirement and/or decommissioning costs related to the retirement of a generation plant be added to Evergy's FAC tariff sheets?

a) If yes, what language should be added?

Q. Should language that would allow the mitigation of the impact of extraordinary net fuel and purchase power costs be added to Evergy's tariff sheets?

a) If yes, what language should be added?

R. Should language that explicitly prohibits recovery of fuel and purchased power costs for research and development be added to Evergy's tariff sheets?

a) If yes, what language should be added?

S. Should language be added to Evergy West's FAC tariff sheets to incorporate the provision in its Special High-Load Factor tariff ("Scheduled MKT"), ordered by the Commission in Case No. EO-2022-00611, relating to the interaction of taking service under the MKT rate and Evergy West's FAC?

a) If yes, what language should be added?

T. Should language be added to Evergy Metro's FAC tariff sheets to incorporate the interaction of Evergy's FAC and future customers taking service under a rate schedule similar to the Evergy West's MKT rate?

a) If yes, what language should be added?

U. Should language be added to Evergy's FAC tariff sheets reflecting additional rate schedules and customer programs?

a) If yes, what language should be added?

V. Should FAC tariff sheets be modified to take into account impacts from Evergy's low-income solar subscription project, Green Pricing Renewable Energy Credit ("REC") program, and Business EV Charging Service Carbon Free Energy Options?

a) If yes, what changes should be made to the tariff sheets?

W. Should revenues from Evergy's low-income solar subscription project, Green Pricing REC program, and Business EV Charging Service Carbon Free Energy Options program flow through Evergy's FAC?

a) If no, what should the ratemaking treatment be to return revenues from these programs back to customers?

X. Should the procedure relating to changes to SPP schedules that is currently in Evergy's FAC tariff sheets be retained?

Y. Should the Evergy West FAC tariff sheets reflect the adjustments to the FAC costs due to electricity usage of Evergy West's steam heat utility?

Z. If the Commission allows deferment of the FAC costs in Case No. ER-2023-0011, should that deferral be recovered in this rate case?

a) If yes, how would it be treated?

F. What reporting requirements, in addition to the requirements of 20 CSR 4240-20.090 should Evergy Metro be required to provide?

A. Should Evergy Metro provide this information to OPC in addition to Staff?

Position: MECG takes no position on these issues at this time.

VI. Fuel and Purchased Power

A. What is the appropriate level of variable fuel and purchased power expense for the Commission to order?

B. How should recent price volatility be reflected in the market prices used in the production cost models?

C. What is the appropriate level of Sales for Resale Revenue?

D. How should the net cost of the Central Nebraska Public Power and Irrigation District ("CNPPID") hydro purchased power agreement ("PPA") be treated?

A. Should a normalized cost be included in the calculation of the fuel and purchased power costs of Evergy Metro's revenue requirement?

B. Should a normalized cost be included in the Evergy Metro fuel adjustment clause ("FAC") base factor calculation?

C. Should the actual CNPPID hydro PPA costs be included in Evergy Metro's actual accumulation period FAC costs?

E. Should forecasted or actual gas prices be used in the fuel expense calculation?

F. How should Evergy Metro's Ponderosa and Evergy West's Cimarron Bend III wind purchased power agreements be treated?

A. Should a normalized cost be included in the calculation of the fuel and purchased power costs of Evergy Metro and Evergy West's revenue requirement, respectively?

a) If yes, how should the amount be calculated?

B. Should a normalized cost be included in the FAC base factor calculation for Evergy Metro and Evergy West, respectively?

C. Should the actual costs be included in Evergy's actual accumulation period FAC costs?

Position on VI.C. **Sales for Resale-Bulk revenue ("SFRB revenue") included in Evergy Metro's revenue requirement included Staff's Accounting schedules is understated and should be updated.**

VII. Transmission Expense and Revenues

A. Should the Transource incentives adjustment account for the cost of debt included with other Federal Energy Regulatory Commission (FERC) incentives?

B. Should transmission revenues received from SPP OATT be reduced for the difference between FERC authorized ROE and the ROE granted in this case?

Position: MECG takes no position on these issues at this time.

VIII. SERP

A. What level of SERP expense should be included in rates?

Position: MECG takes no position on these issues at this time.

IX. Incentive Compensation:

A. Should the costs of Evergy's incentive compensation be included in base rates?

B. What is the appropriate level of incentive compensation to include in rates?

Position: MECG takes no position on these issues at this time.

X. Kansas City Earnings Tax

A. What level of Kansas City Earnings Tax Expense should the Commission include when determining Evergy Metro's and Evergy West's revenue requirement?

Position: MECG takes no position on these issues at this time.

XI. Bad Debt Expense

A. Should bad debt expense be grossed-up for the revenue requirement change the Commission finds for Evergy Metro and Evergy West in these cases?

B. What level of bad debt expense should the Commission recognize in each company's revenue requirement?

C. Should Evergy Metro and Evergy West institute a tracking mechanism for bad debt expense?

Position: **Bad debt expense is a normal and ongoing cost of doing business. Bad debts do not represent a significant level of expense for a utility when compared to the overall revenue requirement. Therefore, bad debts should be normalized, included in cost of service, and evaluated when looking at all relevant operating costs of Evergy. The Commission has repeatedly held that deferral mechanisms are limited to costs that meet an "extraordinary" standard. This limited basis is when events occur during a period which are extraordinary, unusual, and unique, and not recurring. This standard has been upheld by the Missouri Court of Appeals. The Company's request in this case does not meet that standard and should be rejected. *See* Meyer Surrebuttal pp. 14-15.**

XII. Dues and Donations

A. What level of dues and donations expense should the Commission recognize in Evergy Metro's and Evergy West's revenue requirements?

B. What level of Edison Electric Institute expense should the Commission recognize in Evergy Metro's and Evergy West's revenue requirements?

Position: MECG takes no position on these issues at this time.

XIII. Rate Case Expense

A. What level of rate case expense should be included in rates?

Position: MECG takes no position on this issue at this time.

XIV. Depreciation

A. What depreciation rates should be ordered?

A. Should terminal net salvage be included in rates?

B. What should the reserve balances for steam production accounts be?

C. What reserve balances should be used for purposes of determining depreciation expense for Evergy?

Position: **As described above, in response to Issue II.D. the accumulated depreciation reserves that Evergy reduced to capture some of the unrecovered investment from the Sibley retirements need to be reinstated and new depreciation rates should be calculated for the Jeffrey Energy Center, Iatan 1 and 2, and Lake Road generating units. See Meyer Direct, pp. 33-37.**

B. What is the appropriate level of depreciation rates for the Wolf Creek nuclear generation? (Metro)

Position: **Evergy is requesting to increase Wolf Creek depreciation expense by approximately $5.5 million, or 29%. This should be rejected and the current depreciation rates should be continued. This recognizes the likely event that Evergy will seek to extend its license for the plant, just as Ameren Missouri has indicated it will do with its Callaway generating unit. *See* Meyer Surrebuttal pp. 22-24.**

C. What is the remaining net book value for the Montrose generating facility and how should it be treated?

XV. Rate Base

A. Should Evergy recognize any net operating loss as a reduction to rate base?

B. What level of costs related to the ONE CIS/CFP investments should be included in rates?

A. How should costs related to the ONE CIS/CFP investments be allocated to plant in service accounts among the related Evergy utilities?

C. Has Evergy met its burden of proof to permit recovery from ratepayers of capital and O&M costs proposed in the test year for Iatan Unit 1, Jeffrey Units 1-3, and La Cygne Units 1 and 2?

Position: MECG takes no position on these issues at this time.

XVI. Greenwood Solar Energy Center —

A. Should the Commission allocate any of the energy, capital costs, operating and maintenance costs, etc., attributable to the Greenwood Solar Energy Center between Evergy Metro and Evergy West?

A. If so, how should it be allocated?

Position: MECG takes no position on this issue at this time.

XVII. Revenues

A. Should the billing determinants developed by Staff or the billing determinants developed by Evergy serve as the basis for any further adjustments ordered in these cases?

B. What methodology should be utilized to measure customer growth?

C. Should net metering and parallel generation customer usage be adjusted for weather normalization?

D. Should net metering and parallel generation customers be in a separate code by themselves?

E. Should the Company's proposal of the seasonal bill period for Evergy Missouri Metro be approved and if so, what revenue impact should be applied? (Metro Only)

F. What if any further adjustments to revenues and billing determinants should be made for MEEIA Cycle 2?

Position: MECG takes no position on these issues at this time.

XVIII. Rate Design/Class Cost of Service

A. What is the appropriate allocation of revenue requirement among the rate classes of each company?

Position: **The basis of setting rates and allocating costs to customers should start from proper cost causation principles and cost-based rates. The Class Cost of Service Study ("CCOSS") analysis provided by MECG, Evergy West, and MIEC all show that certain classes are not paying appropriate cost-based rates. Specifically, MECG recommends the Commission allocate the revenue requirement among the rate classes as recommended by MECG Witness Maini's recommended CCOSS using the Average & Excess 4 NCP. the A&E methodology considers both demand as well as class energy usage. As the name implies, the A&E Demand method consists of an average demand component and an excess demand component. The average demand component, which considers the class energy, is calculated by dividing the energy usage of each class by the number of hours in a year (8,760 for a non-leap year). The excess component, which considers the class peak demand, is calculated as the difference between the customer class' maximum non-coincident peak or peaks and the average demand. The average demand component for each class is then weighted by the system load factor and the excess component for each class is weighted by 1-load factor.**

The A&E approach considers the load profile of customer classes by incorporating the maximum demands, load factor and average energy use. While the average demand measures the duration, the excess portion measures the variability of the load profile of a class. *See* Maini Direct, pp. 18-19. This approach has been recognized as reliable by the Commission and should be adopted.

Upon completion of the class cost of service study, the net income for each class (revenues less expenses) is divided by the rate base dedicated to serving that class to

calculate the rate of return earned. To the extent that a class rate of return is greater than the system return, then the revenues recovered from the class are more than the costs to serve that class. Similarly, to the extent that a class rate of return is lower than the system return, then the revenues recovered from the class are less than the costs to serve this class. As reflected Below, Metro's overall earned return under the class cost of service study is 5.88%.

Figure 5: MECG v. Metro's CCOSS Earned Rate of Return ("ROR") and Indexed ROR by Class at Present Rates

	METRO COSS RESULTS (A&E 4CP)		MECG COSS RESULTS (A&E 4NCP)	
	Earned ROR	Indexed ROR	Earned ROR	Indexed ROR
Residential	2.04%	35	2.28%	39
Small General Service	9.08%	154	9.63%	164
Medium General Service	10.11%	172	10.03%	170
Large General Service	10.33%	176	9.94%	169
Large Power Service	9.63%	164	9.41%	160
Lighting	9.62%	164	2.73%	46
CCN	-55.49%	-943	-55.12%	-937
	5.88%	**100**	**5.88%**	**100**

That said, however, Metro only earned a return of 2.04% from the residential class as can been observed under MECG COSS results. In contrast, Metro earned a return of 10.33% and 9.63% from the LGS and LPS classes respectively. Therefore, at present rates, residential class revenue recovery is significantly less than the costs to serve this class while the LGS and LPS class revenues are significantly more than the costs to serve these classes respectively. These results mean that substantive revenue neutral shifts are critically needed to address the significant deviations from class cost responsibility in this case.

For Evergy West, the overall earned return under MECG's class cost of service study is 5.29%. That said, however, West only earned a return of 2.79% from the residential class. In contrast, West earned a return of 9.22% and 8.47% from the LGS and LPS classes respectively. Therefore, at present rates, residential class revenue recovery is

significantly less than the costs to serve this class while the LGS and LPS class revenues are significantly more than the costs to serve these classes respectively. These results mean that the Company's industrial rates would benefit from and improve in competitiveness by addressing the significant deviations from class cost responsibility in this case.

Figure 5: MECG v. West's CCOSS Earned Rate of Return ("ROR") and Indexed ROR by Class at Present Rates

	METRO COSS RESULTS (A&E 4CP)		MECG COSS RESULTS (A&E 4NCP)	
	Earned ROR	Indexed ROR	Earned ROR	Indexed ROR
Residential	2.68%	51	2.79%	53
Small General Service	10.36%	196	10.35%	196
Large General Service	9.70%	183	9.22%	174
Large Power Service	8.41%	159	8.47%	160
Thermal Service	9.68%	183	9.72%	184
Lighting	6.52%	123	4.61%	87
CCN	-67.05%	-1267	-66.72%	-1261
	5.29%	**100**	**5.29%**	**100**

Importantly, despite the clear results that commercial and industrial customers are subsidizing other classes, all of the parties using main-stream CCOSS methods (MECG, MIEC, Evergy) have incorporated gradualism in their recommendations. No party is recommending we shift to 100% cost-base rates all at once in this case.

Instead, based on the results of its studies described above, MECG recommends a methodology aimed at reducing the subsidies shown by the COSS studies in this case more than the actual revenue requirement results. That is, the lower the average rate increase, the higher the revenue neutral shifts for fostering equity among the classes should be. If there were rate decreases lower than the companies' initial requests, more attention should be given to removing the cross subsidies among the classes. *See* Maini Direct.

B. What are the appropriate rate schedules, rate structures, and rate designs for the non-residential customers of each company?

Position: **MECG supports the company's proposal to allocate 125% of any increase to**

demand components and 75% to energy components as corrected in the testimony of Kavita Maini. ***See*** **Maini Direct p. 34.**

C. For the Large Power Class should the Commission require the company to have voltage differentials for the winter seasonal energy charges? (West only)

Position: **Yes. These charges should vary by voltage service level. That is, the higher the voltage service level, the lower should be the charges to account for losses. The LPS rate design should reflect proper energy voltage level differentials reflective of costs to serve. By ignoring these differentials, customers at higher voltage levels are not getting the benefit of incurring lesser losses and therefore, lower rates compared to the current situation. The Company should take the corrective measures to price out the voltage differentials for the seasonal winter energy charges in the LPS rate.** ***See*** **Maini Direct pp. 33-35.**

D. What is the appropriate residential customer charge?

Position: MECG takes no position on this issue at this time.

E. What measures are appropriate to facilitate implementation of the appropriate default or mandatory rate structure, rate design, and tariff language for each rate schedule?

F. Should the Company's proposed Time of Use rate schedules be implemented on an opt-in basis?

G. Should the Staff's proposed Time of Use rate schedules be implemented on a mandatory basis?

H. Should the Commission order the Company to conduct a comprehensive study to determine how to offer Time of Use rates to all customers, including customers with net metered solar and other forms of distributed generation?

I. Should Staff's recommended data retention measures be ordered?

J. Should the following updates be ordered for the compliance tariff filings in these cases?

a. Update MEEIA margin rates.
b. Update Standby Service Rider rates consistent with changes made to underlying rate schedules.
c. Update Community Solar distribution service rates.
d. Update Clean Charge Network rates, and other miscellaneous rate schedules to coincide with the overall ordered percentage increase.

Position: MECG takes no position on this issue at this time.

K. Should the Commission order Evergy to meet with stakeholders related to its rate modernization plan within 180 days after the effective date of rates in this case?

Position: **Yes, the company has signaled its intent to continue changing its rate designs over a period of years and should take steps to involve stakeholders in the process. Working proactively with stakeholders will give parties an opportunity to work collaboratively to reach a reasonable result rather than in an adversarial rate case process.**

L. Should Evergy work to improve the education of its customers regarding the billing options and rate plans it has currently?

Position: MECG takes no position on this issue at this time.

XIX. Time of Use Education and Marketing

A. Should the Commission disallow $1 million in program/customer education costs for failure to comply with the terms of the non-unanimous stipulation and agreement from ER-2018-0145 and ER-2018-0146?

B. Should the Commission order Evergy to submit an open-source competitive request for proposal ("RFP") for a third party marketing and education campaign surrounding time of use ("TOU") rates as described in the rebuttal testimony of OPC Witness Geoff Marke page 15, lines 17-25?

Position: MECG takes no position on these issues at this time.

XX. Electrification Tariffs

A. Should Evergy's requested EV charging rates, Business EV Charging Service (Schedule BEVCS), and Electric Transit Service rate be promulgated?

A. With or without modification?

Position: MECG takes no position on these issues at this time.

XXI. Access to Customer Facing Information

A. Should the Commission order Evergy to develop means by which the OPC can access customer facing material and information currently locked behind a customer account login whether through the creation of simulated or anonymous account access or other means?

Position: MECG takes no position on these issues at this time.

XXII. Management Expense

A. What is the proper amount of management expense charges that Evergy should be allowed to recover?

Position: MECG takes no position on these issues at this time.

XXIII. Pilot Programs

A. ***Solar Subscription Pilot***

A. Should the Commission approve the changes to the Solar Subscription Pilot tariff?

a) Which changes should be denied?

b) Which changes should be accepted?

B. ***Renewable Energy Battery Storage***

A. Should the Commission approve the Renewable Energy Battery Storage Pilot tariff?

a) If yes, what conditions should the Commission order related to that study?

b) If no, should the Commission order Evergy to conduct a meta- study or literature review as an alternative?

C. ***Advanced Easy Pay***

A. Should the Commission approve Evergy's pilot program called Advanced Easy Pay?

a) If the Commission approves the Advanced Easy Pay pilot, what Chapter 13 and tariff variances should be approved?

D. ***Subscription Pricing Pilot Program***

A. Should the Commission approve the proposed Subscription Pricing Pilot Program?

B. Should the Commission grant Evergy's request for variances to Chapter 13.020 Billing and Payment Standards, which the Company states is needed to implement Evergy's proposed Subscription Pricing Pilot Program?

C. Should the Commission disallow costs related to consultant fees associated with Evergy's Subscription offering?

E. ***Low-Income Solar Subscription Pilot Program Issue***

A. Should the Commission approve the Low-Income Solar Subscription Pilot Program as proposed by the Company, through the 1 MWac portion of the 10 MWac solar resource that is to be built?

B. ?

a) If so, should the Commission order the shareholder cost- sharing mechanism for unsubscribed portions of the solar resource with a 90% cost burden for shareholders as proposed by OPC?

b) If so, should the Commission order the Company to modify it as proposed by Renew Missouri?

c) If yes, what other conditions or modifications should the Commission order for the program?

<u>Position:</u> MECG takes no position on these issues at this time.

XXIV. Voltage Optimization Study

A. Should the Commission order Evergy to issue a request for proposals for an independent, third-party consultant to conduct a study in calendar year 2022 of its distribution system designed to gauge the costs and benefits of a voltage optimization program in Evergy's service territory?

B. Should Evergy be ordered to select a consultant based on ranked majority voting from Evergy, Staff and OPC to have the cost/benefit study performed?

<u>Position:</u> MECG takes no position on these issues at this time.

XXV. Value of Lost Load Study

A. Should Evergy be required to engage with interested stakeholders at least twice for input regarding the scope, methodology, questions and goals of a value of lost load study that will inform recommended changes to Evergy's Emergency Conservation Plan Tariff sheet, to be filed no later than July 2023?

<u>Position:</u> MECG takes no position on these issues at this time.

XXVI. Tariff Revisions

A. Should the Commission approve the Companies' proposed revisions to the Market Based Demand Response program tariff, or should the Commission order Evergy to cancel their currently effective MBDR tariff sheets and update the related curtailment tariff sheets in accordance with the OPC's recommendations?

B. What, if any, changes should be made to Evergy's DER interconnection tariff?

C. What, if any, changes should be made to Evergy's net metering tariff?

D. What, if any, changes should be made to Evergy's Emergency Energy Conservation tariff?

E. Should Evergy retain the word "pilot" in its Economic Relief Pilot Program tariff?

<u>Position:</u> MECG takes no position on these issues at this time.

XXVII. Low Income Eligible Weatherization Program ("LIWAP") and other low income programs

A. Should the LIWAP funding amount be changed?

B. Should the Commission approve the transfer of approximately $1 million in unspent program funds to the Dollar Aide program?

C. Should the Commission approve the proposal to transfer the unspent program funds to Dollar Aide on a reoccurring annual basis?

D. If the Commission does not approve the unspent funds transfer, should the Commission approve Staff's recommendation of supplementing half of the annual program funds with an equal amount of the unspent funds each program year until the balance is utilized?

E. Should the Commission order Evergy's Customer Service Representatives to ask for consent from customers struggling to pay their bills to forward the customers' contact information to the relevant Community Action Agency so that a representative from an Agency may contact the customers about weatherizing their home free of charge and provide other assistance if the customers are eligible?

F. Should the LIWAP tariff be modified to allow up to 50% of funding to be allocated to administrative duties such as marketing, employee training, new hires and/or maintaining existing employees to perform weatherization services until the influx of federal funding devoted to weatherization is spent down or the Company's next rate case?

G. Should the Commission order Evergy to create a Critical Needs Program consistent with the Critical Needs Program the Commission approved in Case Nos: GR-2021- 0108, ER-2021-0240, GR-2021-0320, and ER-2021-0312?

A. If so, should the Commission order annual funding of $600,000, with funding split 50/50 between customers and shareholders, and with unspent funding allocated to Evergy's bill assistance program?

H. Should the Commission order Evergy to create a Rehousing Pilot Program consistent with the Rehousing Pilot Program the Commission approved in Case No: ER-2021-0240?

A. If yes, should the Commission order annual funding of $500,000, with funding split 50/50 between customers and shareholders?

<u>Position:</u> MECG takes no position on these issues at this time.

XXVIII. Universal Customer Service

A. Should Evergy be required to file its plan for Universal Customer Service with the Commission including details as to how its Universal Customer Service Plan will not result in diminished service to Missouri customers and also indicate what controls the Company will have in place to ensure adequate service to all its regulated customers?

Position: MECG takes no position on these issues at this time.

XXIX. Customer Privacy

A. Should Evergy proactively notify customers when it makes changes to its Privacy Policy including identifying what the changes are?

B. Should Evergy's Privacy Policy reference the Commission's Rule 20 CSR 240-20.015(2)(C) within the Policy Section: When Do We Share Your Information?

C. Should Evergy's Privacy Policy clearly state that the Company does not assume ownership of its Customer' Data?

Position: MECG takes no position on these issues at this time.

XXX. Injuries and Damages

A. Should insurance settlement reimbursements received by Evergy Metro be included in developing an ongoing level of injuries and damages expense?

B. Should normalized injuries and damages expense be developed using the Company proposed three-year average?

Position: MECG takes no position on these issues at this time.

XXXI. Annual Surveillance Report (Metro only)

A. Should Evergy Metro discontinue the annual surveillance report?

B. Should Evergy Metro discontinue the annual surveillance report?

Position: MECG takes no position on these issues at this time.

XXXII. Jurisdictional Allocations (Metro only)

A. Should the Commission approve the continued use of the 4 CP methodology in determining demand allocation factors for the corresponding applicable jurisdictions in this case?

B. Should the Commission approve Evergy Metro's proposed allocation methodology in determining demand allocation factors for the Missouri and Kansas jurisdictions in this case?

C. Should Evergy Metro be allowed to defer to a regulatory asset the excess off-system sales net of fuel and purchased power returned to customers through the FACrelated to Winter Storm Uri that occurred due to differences in jurisdictional allocators used by Kansas and Missouri?

1. If so, what amount should Evergy Metro be allowed to defer?
2. Should rates include an amortization of this deferral and what period should the amortization be determined over?

Position: **The 4 CP allocator is the more appropriate demand allocator. It has been shown on at least two instances that the use of the 12 CP is not an appropriate demand allocator for Evergy. Essentially, what Evergy is proposing is to ignore the appropriateness of the allocator and just average those together with the HOPE that Kansas will also adopt the proposed methodology. The Commission has gone through this exercise previously and the result was a failure as the Kansas jurisdiction ignored the compromise. Furthermore, it is simply unacceptable to use a flawed allocation methodology to determine a demand allocator. Essentially, Evergy is asking this Commission to ignore its statutory duty to set just and reasonable rates by adopting an averaging calculation based on a flawed allocator. Just and reasonable rates cannot be achieved under this scenario. Therefore, MECG would propose to maintain the 4 CP methodology for this rate case. *See* Meyer Direct, p. 18.**

XXXIII. Lake Road Plant electric/steam allocation factors (West only) –

A. Recognizing that Evergy West's Lake Road Plant simultaneously serves both electric and steam customers, what factors should the Commission use to allocate total rate base, expenses, and revenues to its electric customers?

Position: MECG takes no position on these issues at this time.

XXXIV. Payroll Overtime

A. What level of payroll overtime should be included in rates?

B. Should an escalation factor be applied to overtime?

C. Should the O&M ratio reflect an average of multiple years or the last known O&M amount for calendar year 2021?

Position: **A three-year average of overtime dollars incurred from 2019-2021 should be used in cost of service. This would result in a level of overtime of $32.75 million. The escalation factor should be rejected because Evergy has presented no analyses that shows overtime dollars have increased by the 2.5% factored-up provision. *See* Meyer Surrebuttal p. 26.**

XXXV. Cash Working Capital:

A. What is the appropriate expense lag days for measuring Evergy's Missouri income tax lag for purposes of cash working capital?

B. What is the proper calculation of income tax balances within Cash Working Capital ("CWC") to offset rate base?

Position: MECG takes no position on these issues at this time.

XXXVI. Property Tax:

A. What is the appropriate level of Missouri property tax expense to be included in rates?

B. What base level of property tax expense should the Commission approve for Evergy to track property tax?

Position: **Since Evergy is now allowed to track property taxes, it seems completely logical to use the last known level of property taxes for tracking purposes. In the case of Evergy, that would be the 2021 level of property taxes actually paid by Evergy. The 2021 level of property taxes be included in the revenue requirement in this rate case, and that level of property taxes be used to track differences in property taxes going forward. *See* Meyer Surrebuttal p. 16.**

XXXVII. Income Taxes

A. How should the General Business ~~Credits~~ ("GBC") carryforward by Evergy Metro be treated?

A. Should any portion of the accrued GBC carryforward utilized be used to offset the income tax expense to be collected through Evergy Metro's rates?

B. Should any portion of the accrued GBC carryforward be included as a reduction to Evergy Metro's rate base?

B. Should there be any income tax adjustment to offset the Sibley AAO?

A. Should the income tax expense associated with tax loss generated on the retirement of the Sibley station offset the Sibley AAO?

B. Should the deferred income taxes associated with the retirement of the Sibley station offset the Sibley AAO?

C. Should the excess deferred income taxes on the retirement of the Sibley station offset the Sibley AAO?

C. Should the deferred income taxes associated with tax losses claimed on IRS Form 4797 from 2018-2020 be used to offset deferred taxes for net operating losses in rate base?

A. If included, should the method and period for the amortization of excess deferred income taxes for net operating losses be changed?

Position: MECG takes no position on these issues at this time.

XXXVIII. Late Fees

A. Should Evergy's late fee be reduced from 0.5% to 0.25%?

B. Should Evergy's website be updated to explicitly state all Commission- approved fee amounts and should those amounts be easily accessible by using the Company website's search engine?

Position: MECG takes no position on these issues at this time.

XXXIX. J.D. Power Customer Satisfaction Reports & 5-year roadmap of executable increments filings

A. Should Evergy be required to file its future annual Company-specific J.D. Power Reports (not just the scores) as well as the Company's five-year roadmap of executable increments in this docket together with memoranda that detail how Evergy is improving its relationship with customers in light of the J.D. Power Report scores of Evergy relative to its peers, as well as its relative rank across the United States, and specifically as it pertains to its cost of service by December 31 (including 2022) of each applicable year new rates are in effect?

Position: MECG takes no position on these issues at this time.

XL. Storm Reserve

A. Should the Commission establish a storm reserve for Evergy Metro and Evergy West?

Position: **No. The current ratemaking process has worked well for utilities in the State of Missouri. Ratemaking allows for a certain level of storm costs to be recovered from ratepayers. If the utility experiences a major storm with extraordinary repair costs, it can file an AAO request to defer those costs for a future rate case. The use of an AAO is sufficient protection for a utility in addressing storm costs and balances the interests of shareholders and ratepayers. A storm reserve is not needed for Missouri utilities and Evergy's storm reserve request should be denied by the Commission. *See* Meyer Surrebuttal p. 22.**

XLI. Prospective Tracking

A. What period of time should prospective tracking be measured, through the true-up period May 2022, or through the estimated implementation of rates, November 2022?

Position: MECG takes no position on these issues at this time.

XLII. Uplight

A. Should the Uplight transaction be excluded from Evergy Metro's and Evergy West's cost of service?

1. If not, should the costs of the Uplight transaction be allocated to Missouri and Kansas?

Position: MECG takes no position on these issues at this time.

XLIII. Streetlighting (West Only)

A. Should language be added to Evergy West's Municipal Street Lighting Service Tariff providing that streetlights installed by a city contractor or a city-approved developer shall be deemed to be owned by Evergy, after inspection and approval by the Company, and shall not be subject to additional installation or structure charges?

B. Should language be added to Evergy West's Municipal Street Lighting Service Tariff providing that no "Optional Equipment" charges in Section 4.0 or 5.0 of Municipal Street Lighting Service Tariff will be charged to streetlight facilities which are deemed to be owned by the Company and installed by a city or its contractor, or by a developer of a city-approved development?

C. Should the Company be required to remove from its rate base streetlights that were installed by city contractors or city-approved developers?

D. Should the Company be required not to charge the City of St. Joseph for breakaway bases, undergrounding and other "Optional Equipment" charges under Sections 4.0 and 5.0 of the tariff for streetlights that were installed by city contractors or city-approved developers?

Position: MECG takes no position on these issues at this time.

XLIV. Schedule SIL

A. Has Evergy imprudently implemented Schedule SIL in combination with the requirements contained within the Commission approved Stipulation and Agreement in Case No. EO-2019-0244?

B. What is the appropriate revenue requirement adjustment in this case related to Evergy's implementation of Schedule SIL?

C. Should Evergy have identified and removed costs of load imbalances attributable to Schedule SIL service in this rate case?

D. Should Evergy be required to keep records of the finite expected hourly load of Schedule SIL customers included in the EMW SPP day-ahead commitments?

Position: MECG takes no position on these issues at this time.

XLV. Reporting Requirements

A. What, if any, reporting requirements should the Commission order related to reliability?

B. What, if any, reporting requirements should the Commission order related to PISA investments?

Position: MECG takes no position on these issues at this time.

WHEREFORE, MECG submits its Statement of Positions.

Respectfully,

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ATTORNEY FOR MIDWEST
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 22nd day of August 2022:

/s/ Tim Opitz