BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy Missouri West, Inc. d/b/a Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	))))))	File No. EF-2022-0155

INITIAL BRIEF OF MIDWEST ENERGY CONSUMERS GROUP

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MECG INITIAL BRIEF

COMES NOW, the Midwest Energy Consumers Group, ("MECG") and submits its Initial Brief:

Issue 4: How should the Securitized Utility Tariff Charge ("SUTC") be allocated?

Any securitized costs approved should be allocated among retail customer classes using the method as proposed in the Company's direct testimony of Bradley Lutz (customer class revenue allocations adopted by the Commission in EMW's most recently concluded general rate proceeding, ER-2018-0146).[1] This method is consistent with the provisions of the securitization statute discussing allocation among retail customer classes at Section 393.1700.2(3)(c)h, RSMo.:

> A financing order issued by the commission, after a hearing, to an electrical corporation shall include all of the following elements:
>
> . . .
>
> h. How securitized utility tariff charges will be allocated among retail customer classes. The initial allocation shall remain in effect until the electrical corporation completes a general rate proceeding, and once the commission's order from that general rate proceeding becomes final, all subsequent applications of an adjustment mechanism regarding securitized utility tariff charges shall incorporate changes in the allocation of costs to customers as detailed in the commission's order from the electrical corporation's most recent general rate proceeding;[2]

[1] Ex. 15, Lutz Direct, pp. 8-9.
[2] Section 393.1700.2(3)(c)h, RSMo.

To comply with this provision, Evergy's initial testimony asked that the Commission allocate the revenue requirement to each of the Company's rate classes based on customer class revenue allocations from the most recent general rate case. Specifically, in its Direct testimony, the Company allocated the total first year revenue requirements to each of the Company's rate classes based on the class revenues set at the conclusion of ER-2018-0146, the Company's last general rate proceeding. Then, the Company used the energy billing determinants from the conclusion of the ER-2018-0146 case to calculate the class per kWh Charge for each class, dividing total class securitization revenue requirement for each customer rate class by the kWh sales for that customer rate class.[3] This approach reasonably allocated the cost incurred by winter storm Uri among the classes according to the cost causation principles. In response to MECG DR 1-4, the company provided the kWh usage by class during the billing month for storm Uri:

kWh by class from Evergy Response to MECG DR1-4

Billed kWh Sales		Class kWh / total kWh	%
Residential	386,025,103	0.495395276	49.54%
Commercial	281,458,727	0.361202737	36.12%
Industrial	109,986,304	0.141148063	14.11%
Public Street lighting	1,756,317	0.002253924	0.23%

See Ex. 301. This shows that during the time period of Storm Uri, the industrial class used 14.11 percent of the energy that was billed.[4] Under the Company's approach in Direct testimony, Large Power customers – the industrial class – would receive 17.56 percent of the securitized revenue.[5] This is already more than the cost caused by that class. This is demonstrated in Figure 1 within Exhibit 15 as shown below:

[3] Ex. 15, Lutz Direct, pp. 8-9.
[4] Tr. Vol. 2, p. 181
[5] Tr. Vol. 2, p.182

Figure 1

Proposed Classes for Securitization		ER-2018-0146 Final Class Revenue	Revenue Allocation		Securitization Revenue	ER-2018-0146 Final Sales (kWh)		Secturization Utility Tariff Charge Rate (per kWh)
Residential	$	381,760,270	51.26%	$	15,971,366	3,460,775,283	$	0.00461
Small General Service	$	118,955,220	15.97%	$	4,976,624	1,166,570,716	$	0.00427
Large General Service	$	99,182,696	13.32%	$	4,149,419	1,259,931,380	$	0.00329
Large Power Service	$	130,744,916	17.56%	$	5,469,859	2,060,228,862	$	0.00265
Thermal Energy Storage Service	$	528,228	0.07%	$	22,099	8,281,604	$	0.00267
Special (Not currently applicable)								
Lighting	$	13,584,948	1.82%	$	568,341	79,644,207	$	0.00714
	$	**744,756,278**	**100.00%**	**$**	**31,157,709**	**8,035,432,052**		
Exempted Special Contract	$	-				-		
	$	744,756,278				8,035,432,052		

Under the Staff's FAC-style loss-adjusted energy approach, industrial customers would pay for 25.64 percent of the securitized amount:

Surrebuttal loss-adjusted kwh sales

Classification	Average Number of WN-EE-CG-Current Customers	Settled Sales per Staff (kWh)	Class kWh / total kWh	%
Residential	282,861	3,460,775,283	0.4306894	43.07%
Small General Service	35,888	1,166,411,321	0.1451585	14.52%
Large General Service	2,281	1,259,931,380	0.1567970	15.68%
Clean Charge Network	186	159,395	0.0000198	0.00%
Large Power Service	1	2,060,228,862	0.2563930	25.64%
Thermal Energy Storage Service	2	8,281,604	0.00103064	0.10%
Special	0	-	0	0.00%
Lighting-Metered	158	1,346,035	0.00016751	0.02%
Other (Unmetered Lighting and Traffic Signals)	16756	78,298,172	0.00974411	0.97%
Subtotal Retail (Billed)	**338,133**	**8,035,432,052**	1	100.00%

See Ex. 302. Evergy Witness Lutz testified that this exhibit showed with reasonable accuracy the amount of the securitized revenue requirement would be collected from the large power class (and others) under the staff's FAC approach.[6] This leads to a higher amount paid by the industrial class customers than under the Company's approach or the causation of costs shown in Exhibit 301.[7]

[6] Tr. Vol. 2, p. 186.
[7] Tr. Vol. 2, pp. 186-187.

During the hearing Company witness Lutz testified that the effect of adopting the staff approach compared to the method in his direct testimony is that it assigns more costs to people who did not cause the costs.[8] This approach should be rejected.

MECG agrees that all customers should pay a portion of the securitized charges under Section 393.1700.1 RSMo. However, the Commission should order the Company to develop rates for each customer class using the methodology from the company's direct testimony in Exhibit 15. This allocation among classes is closer to aligning the cost causation with the customers who will pay the largest portions of the securitized amounts. The method of allocation proposed by the Company in its direct testimony remains reasonable, consistent with the statute, and should be adopted by the Commission.

WHEREFORE, MECG respectfully submits its Initial Brief.

Respectfully,

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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 31st day of August 2022:

/s/ Tim Opitz

[8] Tr. Vol.2, pp. 190-191.