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MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

KAREN LYONS

Evergy Metro, Inc. d/b/a Evergy Missouri Metro
Case No. ER-2022-0129

Evergy Missouri West, Inc. d/b/a Evergy Missouri West
Case No. ER-2022-0130

Jefferson City, Missouri
June 2022

** Denotes Confidential Information **

TABLE OF CONTENTS OF

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Evergy Missouri West, Inc. d/b/a Evergy Missouri West
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EXECUTIVE SUMMARY 2

REVENUE REQUIREMENT DIRECT TESTIMONY 3

OVERVIEW OF STAFF'S RECOMMENDED REVENUE REQUIREMENT 3

TRANSMISSION EXPENSE 15

SPP ADMINISTRATIVE FEES 18

TRANSMISSION REVENUE 20

WHOLESALE TRANSMISSION REVENUE CREDIT 22

SO^2 AMORTIZATIONS AND EMISSION ALLOWANCES 23

BORDER CUSTOMERS 24

OFF-SYSTEM SALES 26

REVENUE NEUTRAL UPLIFT 28

TRANSMISSION CONGESTION RIGHTS 29

ANCILLARY SERVICES 30

MISSOURI IOWA NEBRASKA TRANSMISSION LINE LOSSES 31

COMMON USE PLANT BILLING 32
GREENWOOD SOLAR FACILITY 32
STORM RESERVE...34
SURVEILLANCE REPORTS...35
CUSTOMER EDUCATION COSTS...36
TIME OF USE PROGRAM COSTS...37
PAYS PROGRAM COSTS..39

DIRECT TESTIMONY

OF

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Evergy Metro, Inc. d/b/a Evergy Missouri Metro
Case No. ER-2022-0129

Evergy Missouri West, Inc. d/b/a Evergy Missouri West
Case No. ER-2022-0130

Q. Please state your name and business address.

A. My name is Karen Lyons. My business address is 615 E 13th Street, Kansas City, MO. 64106.

Q. Please describe your educational background and work experience.

A. I attended Park University where I earned a Bachelor of Science degree in Management Accounting and a Master's in Business Administration. I have been employed by the Commission since April 2007 with the Auditing Department

Q. What is your current position with the Commission?

A. In March 2022, I assumed the position of a Regulatory Manager in the Auditing Department. Prior to March 2022, I was Regulatory Unit Audit Supervisor in Kansas City.

Q. What knowledge, skills, experience, and training do you have in the areas of which you are testifying as an expert witness?

A. I have been employed with the Commission for 15 years. During that time, I have assisted, conducted, and supervised audits and examined the books and records of electric utilities in the state of Missouri. I have also received continuous training at internal and external seminars on technical ratemaking matters since I began my employment at the Commission.

Q. Have you previously testified before this Commission?

A. Yes. Schedule KL-d1 attached to this testimony contains a list of cases and the issues that I have addressed in testimony.

EXECUTIVE SUMMARY

Q. What is the purpose of your direct testimony?

A. I am sponsoring Staff's Direct Accounting Schedules that are being filed concurrently with this direct testimony. Staff's recommendation of the amount of the rate revenue increase for Evergy Missouri Metro ("Evergy Metro") and Evergy Missouri West ("Evergy West") operations are based on actual historical information through the update period ending December 31, 2021. In order to reflect what Staff currently expects the revenue requirement will be once the true-up is complete, Staff has included a true-up allowance. The allowance is an estimate of the projected rate revenue increase for true-up items. Staff will revise its recommendation of the amount of the revenue requirement increase for Evergy Metro and Evergy West based on actual results for the true-up period ending May 31, 2022, when that information becomes available.

I also present an overview of the results of Staff's recommended revenue requirement for Evergy Metro and Evergy West. Several members of Staff participated in Staff's examination of Evergy Metro's and Evergy West's books and records for all the relevant and material components that make up the revenue requirement calculation. These components can be broadly defined as (1) capital structure and return on investment, (2) rate base investment and (3) income statement results, including revenues, operating and maintenance expenses, depreciation and amortization expense, and the taxes related to revenues and expenses.

Q. Through this testimony, do you provide any recommendations for the level of rate base and/or expense to be reflected in the revenue requirement ordered in this case?

A. Yes. I recommend annualized or normalized amounts to include in the revenue requirement for the following costs; Transmission Expense and Revenues, Wholesale Transmission Revenue Requirement, SO2 Amortizations and Emission Allowances, Border Customers, Off-System Sales, Common Use Billing, Customer Education Costs, Time of Use Costs, Storm Reserve and Pay as You Save ("PAYS") program costs.

Q. Through this testimony, do you provide any recommendations for issues that do not impact the revenue requirement in this case?

A. Yes. I address surveillance reporting required of Evergy Metro and Evergy West.

REVENUE REQUIREMENT DIRECT TESTIMONY

Q. Briefly describe the direct testimony Staff has filed for this rate case.

A. Each Commission Staff member's direct testimony is organized by their sponsored issues, providing an explanation or description of each specific area and Staff's recommendation. Schedule KL-d2 attached to this testimony contains a list of Staff witnesses and their area of responsibility.

OVERVIEW OF STAFF'S RECOMMENDED REVENUE REQUIREMENT

Q. How is the revenue requirement determined for a regulated utility?

A. The first step is to calculate the utility's cost of service.

Q. In its audit of Evergy Metro and Evergy West for Case Nos. ER-2022-0129 and ER-2022-0130, has Staff examined all of the components comprising the cost of service for Evergy Metro and Evergy West electric operations in Missouri?

A. Yes.

Q. What are the cost-of-service components that comprise the cost of service for a regulated, investor-owned public utility?

A. The cost of service for a regulated, investor-owned public utility can be defined by the following formula:

Cost of Service = Cost of Providing Utility Service

or

COS = O + (V – D)R where,

COS = Cost of Service

O = Operating Costs (Fuel, Payroll, Maintenance, etc.), Depreciation and Taxes

V = Gross Valuation of Property Required for Providing Service (including plant and additions or subtractions of other rate base items)

D = Accumulated Depreciation Representing Recovery of Gross Depreciable Plant Investment

V – D = Rate Base (Gross Property Investment less Accumulated Depreciation = Net Property Investment)

(V – D)R = Return Allowed on Rate Base

In the past, the terms "cost of service" and "revenue requirement" have sometimes been used interchangeably. However, in this rate case, Staff will use the term "revenue requirement" to instead only refer to the utility's necessary incremental change in revenues based on measurement of the utility's current total cost of service compared to its current revenue levels under existing rates.

Q. What is the objective of an audit of a regulated, investor-owned public utility for ratemaking purposes?

A. The objective of an audit is to determine the appropriate level of the components identified in my previous answer in order to calculate the revenue requirement for such a regulated utility. All relevant factors are examined and a proper relationship of revenues, expenses, and rate base is maintained. The process for making that revenue requirement determination can be summarized as follows:

(1) Selection of a test year. The test year income statement represents the starting point for determining a utility's existing annual revenues, operating costs, and net operating income. Net operating income represents the return on investment based upon existing rates. The test year approved by this Commission for Case Nos. ER-2022-0129 and ER-2022-0130 is the twelve months ending June 30, 2021.[1] "Annualization," "normalization," and "disallowance" adjustments are made to the test year results when the unadjusted amounts do not fairly represent the utility's most current, ongoing, and appropriate annual level of revenues and operating costs. Annualization, normalization, and disallowance adjustments are explained in more detail later in this direct testimony.

(2) Selection of a "test year update period." A proper determination of revenue requirement is dependent upon matching the rate base, return on investment, revenues, and operating costs components at the same point in time. This ratemaking principle is commonly referred to as the "matching" principle. It is a standard practice in ratemaking in Missouri to utilize a period beyond the established test year in which to match the major components of a utility's revenue requirement. By updating test year financial results

[1] Case Nos. ER-2022-0129 and ER-2022-0130, *Order Establishing Test Year*, March 3, 2022.

to reflect information beyond the established test year, rates can be set based upon more current information. The update period approved by this Commission for this case is December 31, 2021.[2]

(3) Selection of a "true-up date" or "true-up period." A true-up date generally is established when a significant change in a utility's cost of service occurs after the end of the test year update period, but prior to the operation-of-law date, and the significant change in cost of service is one the parties and/or Commission has decided should be considered for cost-of-service recognition in the current case. In this proceeding, the Commission authorized a true-up period of May 31, 2022.[3]

(4) Determination of Rate of Return. A cost-of-capital analysis must be performed to allow Evergy Metro and Evergy West the opportunity to earn a fair rate of return on its net investment ("rate base") used in the provision of utility service. Staff witness Dr. Won, of the Commission's Financial Analysis Department, has performed a cost-of-capital analysis which he explains and provides the results of his analysis in his direct testimony.

(5) Determination of Rate Base. Rate base represents the utility's net investment used in providing utility service, on which the utility is permitted the opportunity to earn a return. For its direct filing, Staff has determined Evergy Metro's and Evergy West's rate base as of December 31, 2021, consistent with the end of the test year update period established for this case. Rate base includes plant-in-service (plant fully operational and used for service), cash working capital, materials and supplies, prepayments, fuel inventories, accumulated reserve for depreciation, accumulated deferred income tax, etc.

[2] Case Nos. ER-2022-0129 and ER-2022-0130, *Order Establishing Test Year*, March 3, 2022.
[3] Case Nos. ER-2022-0129 and ER-2022-0130, *Order Establishing Test Year*, March 3, 2022.

(6) Net Operating Income from Existing Rates. The starting point for determining net income from existing rates is the unadjusted operating revenues, expenses, depreciation, and taxes for the test year, which is the twelve-month period ending June 30, 2021 for this case. All of the utility's specific revenue and expense categories are examined to determine whether the unadjusted test year results require adjustments in order to fairly represent the utility's most current level of operating revenues and expenses. Numerous changes occur during the course of any year that will impact a utility's annual level of operating revenues and expenses. The June 30, 2021 test year has been adjusted to reflect the Staff's determination of the appropriate ongoing levels of revenues and expenses.

(7) Determination of Net Operating Income Required. The net income required for Evergy Metro and Evergy West is calculated by multiplying Staff's recommended rate of return by the rate base. Net income required is then compared to net income available from existing rates discussed in Item 6 above. The difference, when factored-up for income taxes, represents the incremental change in the utility's rate revenues required to cover its operating costs and to provide a fair return on investment used in providing electric service.

If a utility's current rates are insufficient to cover its operating costs and provide a fair return on investment, the comparison of net operating income required (Rate Base x Recommended Rate of Return) to net income available from existing rates (Operating Revenue less Operating Costs, Depreciation, and Income Taxes) will result in a positive amount, which would indicate that the utility requires a rate increase. If the comparison results in a negative amount, this indicates that the utility's current rates may be excessive.

Q. Please identify the types of adjustments that are made to unadjusted test year results in order to reflect a utility's current annual level of operating revenues and expenses.

A. The types of adjustments made to reflect a utility's current annual operating revenues and expenses are:

(1) Normalization adjustments. Utility rates are intended to reflect normal ongoing operations. A normalization adjustment is required when the test year reflects the impact of an abnormal event. One example of this type of adjustment that is made in all electric rate cases is Staff's revenue adjustments to normalize weather. Actual weather conditions during the test year are compared to 30-year "normal" values. The weather normalization adjustment restates the test year sales volumes and revenue levels to reflect normal weather conditions.

(2) Annualization adjustments. Annualization adjustments are required when changes have occurred during the test year, update and/or true-up period, which are not fully reflected in the unadjusted test year results. For example, Evergy's employees received a wage increase in February or March 2021. Because Evergy's test year is for the twelve months ended June 30, 2021, this increase is not reflected in its test year payroll totals. As a result, in its calculation of payroll expense, Staff used payroll rates in effect at the end of the update period, December 31, 2021. The actual wage rates as of December 31, 2021 are applied to the actual employee levels to determine an annualized level of payroll expense. An adjustment to the test year was made to capture the financial impact of the payroll increase to reflect the annualized payroll expense in effect at December 31, 2021. The same process will be used for the true-up, May 31, 2022.

(3) Disallowance adjustments. Disallowance adjustments are made to eliminate costs in the test year results that are not considered prudent, reasonable, appropriate, and/or not of benefit to Missouri ratepayers and thus not appropriate for recovery from

ratepayers. An example in this case is certain executive incentive compensation costs. In Staff's view, these costs are incurred to primarily benefit shareholder interests and it is not appropriate policy to pass these costs on to customers in rates, since these costs do not benefit ratepayers. Therefore, these costs should be eliminated from the cost of service borne by ratepayers and Staff has proposed to disallow these costs from recovery in rates. Staff witness Jared Giacone addresses the issue of incentive compensation in his direct testimony.

(4) Pro forma adjustments. Pro forma adjustments reflect the impact of items and events that occur subsequent to the test year and test year update period. These items or events significantly impact the revenue, expense, and rate base relationship and should be recognized to address the forward-looking objective of the test year. Caution must be exercised when including pro forma adjustments in a recommended cost of service to ensure that all items and events subsequent to the test year are also examined and any appropriate offsetting adjustments are included as well. In addition, some post-test year items and events may not have occurred yet and/or may not be capable of adequate quantification at the time of the case filing. As a result, quantification of pro forma adjustments may be more difficult than the quantification of other adjustments. As a consequence, use of a true-up audit that considers a full range of auditable items and events that occur subsequent to the test year, and also attempts to address the maintenance of the proper relationship among revenues, expenses, and investment at a consistent point in time is generally a superior approach than considering stand-alone pro forma adjustments for inclusion in the cost of service. In support of its application to increase rates on January 7, 2022, Evergy Metro and Evergy West included pro forma adjustments to estimate the effect of the true-up period (ending May 31, 2022) on its proposed revenue requirement. It is Staff's understanding that Evergy Metro and Evergy West

will file an updated revenue requirement containing the actual investment, expenses and revenues incurred through June 30, 2022 in its true-up filing.

Q. What rate increase amount, based on what return on equity (ROE) percentage, did Evergy Metro and Evergy West request from the Commission in this case?

A. Evergy Metro requested that its annual revenues be increased by approximately $47.6 million based on an ROE of 10.00%. Evergy West requested that its annual revenues be increased by approximately $59.8 million based on an ROE of 10.00%.

Q. Please describe Staff's direct case revenue requirement filing in this proceeding.

A. The results of Staff's audit of Evergy Metro's and Evergy West's rate case requests can be found in the Staff's filed Accounting Schedules and is summarized on Accounting Schedule 1, Revenue Requirement. This Accounting Schedule shows that Staff's recommended revenue requirement in this proceeding is $1,981,430 for Evergy Metro and $(18,427,638) for Evergy West. The recommended revenue requirements are based upon a mid-point recommended rate of return (ROR) of 6.77% and 6.70% for Evergy Metro and Evergy West, respectively. For Evergy Metro and Evergy West, Staff is recommending a mid-point ROE of 9.62% with a range of 9.37% to 9.87% as calculated by Staff witness Dr. Won. Staff's revenue requirement at the low and high ROR range of 6.65% to 6.90% for Evergy Metro is $(2,937,293) to $6,900,153. Staff's revenue requirement at the low and high ROR range of 6.58% to 6.83% for Evergy West is $(21,720,612) to $(15,134,667).

Q. Did Staff include a true up allowance in its Accounting Schedules?

A. Yes. Staff included a true-up allowance for Evergy Metro of $26,144,645 and $24,602,728. The allowance was determined by projecting costs that is likely to change during the true-up phase of the case. As discussed above, the true-up allowance will be replaced by actual costs incurred through May 31, 2022.

Q. What is Staff's recommended revenue requirement for Evergy Metro and Evergy West including the true-up allowance?

A. Staff's recommended revenue requirement including the true-up allowance and based on Staff's recommended ROR is $28,126,075 for Evergy Metro and $6,175,090 for Evergy West.

Q. What items are included in the Staff's recommended rate base in this case?

A. All rate base items were determined as of the update period ending date December 31, 2021, either through a balance on Evergy Metro's or Evergy West's books as of that date or a 13-month average balance ending on December 31, 2021. Items in Staff's rate base include: Plant-in-Service, Accumulated Depreciation Reserve, Cash Working Capital, Materials and Supplies, Fuel Inventories, Prepayments, Customer Deposits, Customer Advances, Income Eligible Weatherization Liability, Accumulated Deferred Income Taxes and Regulatory Asset balances for Pension and OPEBs, Pay As You Save, Iatan 1 and 2 and Plant in Service Accounting.

Q. What are the significant income statement adjustments Staff made in determining Evergy Metro and Evergy West revenue requirements for this case?

A. A summary of the Staff's significant income statement adjustments follows:

Operating Revenues

Retail revenues were adjusted for the elimination of Fuel Adjustment Clause ("FAC") revenue, Missouri Energy Efficiency Investment Act ("MEEIA") revenue, unbilled revenue, and gross receipts taxes. Revenues were also adjusted to reflect the update period and weather normalization.

Operating Expenses

- Fuel Expense
- Payroll expense annualized for all known wage increases and changes in employee levels through December 31, 2021.
- Payroll taxes consistent with the payroll annualization.
- Incentive compensation and restricted stock awards disallowances.
- Employee benefits including pensions and OPEBs.
- Other Non-Labor Expenses.
- Insurance Expense.
- Property Tax Expense.
- Uncollectible Expense.
- Jurisdictional Allocations.
- Rate case expense.
- Amortizations.
- Income Taxes
- Depreciation Expense.
- ▪ Sibley AAO (Evergy West Only)
- ▪ NUCOR (Evergy West Only)

Q. How do the various members of Staff contribute to a combined work product?

A. All of the Staff auditors, including myself, relied on the work from numerous other Staff members in calculating a revenue requirement for Evergy Metro and Evergy West in this case. Weather normalized sales and the recommended rate of return are some examples of data and analysis supplied to the Auditing Department as inputs into Staff's revenue requirement cost of-service calculation. Each Staff member who contributed in calculating Staff's revenue requirement has submitted direct testimony in this case discussing the issues for which they were assigned and her or his recommendation. Signed affidavits and the qualifications for all Staff members who are responsible for issues addressed in Staff's direct testimony in this rate proceeding are attached to each Staff member's testimony.

Q. What are the biggest differences between the rate increase request filed by Evergy Metro and Evergy West and the Staff revenue requirement recommendations being filed in this proceeding?

A. From the Staff's perspective, there are five primary revenue requirement differences. However, the differences are based on Staff's adjustments through December 31, 2021. Whereas Evergy Metro and Evergy West adjustments are based on projections through May 31, 2022. The values listed below will change when Staff and the Company update their respective revenue requirements through the true-up period, May 31, 2022. The values listed below are estimated.

- Return on Equity (ROE) and Capital Structure – Issue Value –As previously stated, Evergy Metro's and Evergy West's return on equity recommendation is 10.00%, while the Staff has developed a mid-point recommendation of 9.58%. The difference between Evergy Metro's and Evergy West's recommended ROE and capital structure and Staff's recommended mid-point for ROE and capital structure is approximately $10 million for Evergy Metro and $4 million for Evergy West in revenue requirement.
- Nucor (Evergy West only)-Issue Value-($8.3 million).
- Fuel: Issue value- $20 million for Evergy Metro and $17 million for Evergy West.
- Depreciation Expense: $5 million for Evergy Metro and $10 million for Evergy West.
- Bad Debt expense: $5.3 million for Evergy Metro and $3.2 million for Evergy West.

There are other differences between Staff and Evergy Metro and Evergy West, based upon their respective direct filings. However, these items are less significant than the differences discussed above.

Q. Is it possible that significant differences exist between Staff's revenue requirement positions and those of other parties besides Evergy Metro and Evergy West in this proceeding?

A. Yes. However, the other parties are filing their prepared direct testimony, if any, concurrently with the Staff's direct filing. Until Staff has a chance to examine the direct testimony of the other parties, it is impossible for Staff to determine what differences exist and how material they may be.

Q. Please identify the Staff experts/witnesses responsible for addressing each area where there is a known and significant difference between Staff and Evergy Metro and Evergy West as addressed above in this direct testimony.

A. The Staff experts/witnesses for each listed issue are as follows:

Issue	**Staff Witness**
Return on Equity	Dr. Seoung Joun Won
Nucor	J. Luebbert
Evergy Metro Fuel expense	Shawn Lange, Matthew Young, Karen Lyons
Evergy West Fuel expense	Charles Poston, Matthew Young, Karen Lyons
Evergy Metro Depreciation	David Buttig
Evergy West Depreciation	Cedric Cunigan
Bad Debt expense	Keith Majors

Q. When will the Staff be filing its customer class cost of service and rate design direct testimony in this proceeding?

A. Staff's customer class cost of service and rate design direct testimony, including schedules, will be filed on June 22, 2022.

TRANSMISSION EXPENSE

Q. Please provide an overview of Evergy Metro's and Evergy West's membership with Southwest Power Pool ("SPP").

A. Evergy Metro and Evergy West are members of the SPP. In 2004, SPP became a Regional Transmission Operator ("RTO") responsible for ensuring reliable supplies of power, adequate transmission infrastructure, and competitive wholesale electricity prices.[4] Prior to 2006, Evergy Metro had full functional control over its transmission system that served its retail customers within its service territory. In Case No. EO-2006-0142, Evergy Metro filed an application with the Commission to transfer functional control of its transmission facilities to SPP. Most of the parties to that case entered into a *Stipulation and Agreement* on February 24, 2006, and the Commission approved the *Stipulation and Agreement* by Order effective on June 23, 2006. The transfer of functional control of Evergy Metro's transmission system to SPP was finalized upon the approval by the Federal Energy Regulatory Commission ("FERC") on October 1, 2006. Prior to 2009, Evergy West had full functional control over its transmission system that served its retail customers within its service territory. In Case No. EO-2009-0179, Evergy West filed an application with the Commission to transfer functional control of its transmission facilities to SPP. The parties to this case entered into a *Stipulation and Agreement* on January 27, 2009, and the Commission approved the *Stipulation and Agreement* by Order effective on February 10, 2009. The transfer of functional

[4] Market Protocols for SPP Integrated Marketplace, p. 62, May 18, 2022.

control of Evergy West's transmission system to SPP was finalized upon the approval by the FERC on April 15, 2009.

Q. Please explain the types of charges Evergy Metro and Evergy West receive from SPP.

A. As a transmission customer of SPP, the most significant charges Evergy Metro and Evergy West incur from SPP are for point-to-point, base plan zonal and region-wide transmission costs that are booked to FERC Account 565. Point-to-point transmission costs are billed based on Schedule 7 and Schedule 8 of SPP's Open Access Transmission Tariff ("OATT"). Base-plan-zonal charges and region-wide charges are billed based on Schedule 11 of the OATT. Base-plan-zonal and region- wide costs are a result of transmission upgrades in the SPP region. The transmission upgrades are directed by SPP's Transmission Expansion Plan in place to ensure the reliability of the transmission system for SPP's members.[5] The costs of base-plan and region-wide projects are allocated to the SPP region based on the voltage of the project. The allocation methodology is shown in the following table:

SPP Base Plan Highway-Byway Allocation Method		
Voltage	Regional (SPP Region)	Zonal (Evergy Metro and Evergy West local zone)
300 kV and Above	100%	0%
100-300kV	33%	67%
Below 100kV	0%	100%

The costs allocated to the SPP region are then allocated to SPP transmission owners based on a load ratio share determination. The load ratio share is developed using the transmission owners' network load divided by the SPP total load. Evergy Metro's current load

[5] SPP OATT

ratio share, on a total company basis (Missouri and Kansas), is approximately 7.2%. Evergy West's current load ratio share is approximately 3.7%.

Q. What did Staff analyze to determine an appropriate level of transmission expense for Evergy Metro and Evergy West?

A. Staff analyzed Evergy Metro's and Evergy West's actual transmission expenses for the period of 2014 through 2021. For the period of 2014-2020 Evergy Metro's transmission expenses increased each year. However, since 2018 Evergy Metro's has significantly decreased. The following chart reflects Evergy Metro's and Evergy West's[6] historical transmission expenses for the period of 2014-2021:

Historical Transmission Expense		
Year	**Evergy Metro**	**Evergy West**
2014	$ 47,170,315	$ 15,508,564
2015	58,382,946	18,284,173
2016	62,454,540	22,596,819
2017	65,459,260	25,842,820
2018	68,047,431	26,156,253
2019	51,968,773	24,503,940
2020	50,489,467	23,716,696
2021	51,524,051	24,801,958

Q. Are there other SPP charges addressed by Staff?

A. Yes, Staff included the annual amortization of SPP Z-2 credits. In Case No. ER-2016-0285, a nine-year amortization was established for these credits.

Q. Other than SPP transmission charges, does Evergy Metro or Evergy West incur additional transmission charges?

[6] Evergy West's transmission excludes Crossroads transmission expense.

A. Yes. In addition to being charged by SPP for transmission expense, Evergy West is also charged by Midcontinent Independent System Operator ("MISO") for Crossroads transmission expense. Staff Witness Keith Majors addresses Crossroads transmission expense in his direct testimony.

Q. Please explain Staff's adjustment for transmission expense incurred from SPP.

A. In addition to the annual amortization for the SPP Z2 credits previously discussed, Staff included an annualized level of transmission expense based on the 12-month period ended December 31, 2021 for Evergy Metro and Evergy West. Staff's adjustment is reflected in Staff's Accounting Schedule 10.

SPP ADMINISTRATIVE FEES

Q. Please explain the SPP administrative fees.

A. The SPP is a not-for-profit regional transmission organization ("RTO") that maintains functional control over the transmission assets of its members and provides transmission services through its FERC approved Open Access Transmission Tariff ("Open Access Transmission Tariff" or "OATT"). SPP's costs must be recovered from its users (transmission customers, which, in this case, are utility companies such as Evergy Metro and Evergy West, and many others). Consequently, Evergy Metro and Evergy West pay SPP an administration charge for performing transmission functions on its behalf.

Q. Please explain the rate SPP uses that enables it to recover 100% of its total administrative costs.

A. Prior to January 2021, members of SPP paid administrative fees based on one MWh rate. In Evergy Metro's and Evergy West's last rate case, that rate was $.429 per MWh.

Q. Explain how the SPP administrative rate changed in January 2021.

A. SPP administrative fees are now based on four categories and four applicable rates. Descriptions of the four categories are as follows:[7]

Schedule 1-A1: Transmission Administration Service:

Transmission administrative service is provided by the Transmission Provider to all Transmission Customers under the SPP Tariff and includes the provision of: (1) reliability coordination; (2) transmission scheduling; (3) system control; and (4 transmission planning services. Effective January 1, 2002, the rate for Schedule 1-A1 is $.193 per MWh.

Schedule 1-A2: Transmission Congestion Rights Administration Service:

Transmission Congestion Rights ("TCR") administration service is provided by the Transmission Provider to all Market Participants that hold TCRs issued and settled by the Transmission Provider ("TCR Holder"). This service includes the provision of: (1) TCR administration through allocation, assignment, auction or any other process under this Tariff; (2) simultaneous feasibility tests and other applicable studies to determine the total TCRs that can be accommodated by the Transmission System; (3) TCR tools; and (4) a secondary market for TCRs. Effective January 1, 2002, the rate for Schedule 1-A2 is $.008 per MWh.

Schedule 1-A3: Integrated Marketplace Clearing Administration Service:

Integrated Marketplace clearing administration service is provided by the Transmission Provider to all Market Participants that participate in transactions pursuant to Integrated Marketplace or an applicable Market Participant Service Agreement. This service includes the provision of: (1) market settlements; (2) credit evaluation and risk mitigation services;

[7] SPP Open Access Transmission Tariff.

(3) market monitoring functions; (4) information technology support; and (5) customer service. Effective January 1, 2002, the rate for Schedule 1-A3 is $.029 per MWh.

Schedule 1-A4: Integrated Marketplace Facilitation Administration Service:

Integrated Marketplace facilitation administration service is provided by the Transmission Provider to all Market Participants that participate in transactions, except for cleared Virtual Energy Bids and cleared Virtual Energy Offers, pursuant to Integrated Marketplace or an applicable Market Participant Service Agreement. This service includes the provision and operation of the: (1) Day-Ahead Market; (2) Real-Time Balancing Market; and (3) Reliability Unit Commitment processes. Effective January 1, 2002, the rate for Schedule 1-A4 is $.142 per MWh.

Q. How did Staff calculate an annualized level of SPP administrative fees for Evergy Metro and Evergy West?

A. Staff calculated an annualized level of SPP administrative fees by applying the rates described above to the billing determinants defined in SPP's OATT. Staff's adjustment is included in Staff Accounting Schedule 10.

<u>TRANSMISSION REVENUE</u>

Q. Please explain the transmission revenue.

A. Evergy Metro and Evergy West receive revenues from the Southwest Power Pool ("SPP") from the following SPP tariff schedules:

- Schedule 1: System Control and Dispatch Service
- Schedule 2: Revenues related to reactive supply for generators connected to the transmission system
- Schedule 7: Revenues related to firm point-to-point transmission
- Schedule 8: Revenues related to non-firm point-to-point transmission

- Schedule 9: Revenue related to network integrated transmission
- Schedule 11: Revenues related to the base plan transmission upgrades
- Other miscellaneous transmission revenue

Although Evergy Metro and Evergy West receive revenues from SPP based on all the schedules listed above, a significant percentage of the transmission revenues received from SPP are from network integrated transmission, firm point-to-point transmission, and base plan transmission activities.

Q. Please explain what Staff reviewed to determine an appropriate level of transmission revenue to include in Staff's recommended revenue requirements for Evergy Metro and Evergy West.

A. Staff reviewed the SPP tariff and analyzed Evergy Metro's and Evergy West's historical transmission revenue for the period of 2014 through 2021. The following chart reflects Evergy Metro's and Evergy West's actual transmission revenues for this period.

**

Historical Transmission Revenue		
Year	Evergy Metro Transmission Revenue	Evergy West Transmission Revenue
2014	** [redacted] **	** [redacted] **
2015	** [redacted] **	** [redacted] **
2016	** [redacted] **	** [redacted] **
2017	** [redacted] **	** [redacted] **
2018	** [redacted] **	** [redacted] **
2019	** [redacted] **	** [redacted] **
2020	** [redacted] **	** [redacted] **
2021	** [redacted] **	** [redacted] **

**

Q. What level of transmission revenue does Staff recommend for Evergy Metro and Evergy West?

A. Staff recommends an annualized level of transmission revenue based on the 12 months ending December 31, 2021 for Evergy Metro and Evergy West. Staff's adjustment is reflected in Staff's Accounting Schedules, Schedule 10.

WHOLESALE TRANSMISSION REVENUE CREDIT

Q. Please explain the wholesale transmission revenue credit.

A. In its direct case, Evergy Metro and Evergy West proposed an adjustment to reduce transmission revenue for the difference between Evergy Metro's and Evergy West's authorized FERC ROE of 11.1% and Evergy Metro's and Evergy West's proposed ROE in this case of 10%. As transmission owners, Evergy Metro and Evergy West receive transmission revenues from SPP for regional and zonal transmission upgrades. The wholesale transmission revenue adjustment is calculated using the Annual Transmission Revenue Requirement ("ATRR") and using Evergy Metro's and Evergy West's authorized FERC ROE of 11.1%.

Q. Please explain the ATTR in more detail.

A. The ATRR is used by SPP to allocate revenues and expenses to all transmission owners and transmission customers of SPP. The transmission owners receive allocated revenues based on the ATRR and the transmission customers are charged for allocated costs based on the ATRR. The ATRR may include incentives such as allowing CWIP in the revenue requirement, ROE adders, etc. Evergy Metro's and Evergy West's authorized FERC ROE of 11.1% includes a ROE adder for being a member of a regional transmission organization ("RTO") of 50 basis points.

Q. Do Evergy Metro and Evergy West incur costs that includes the incentives described above?

A. Yes. Other SPP transmission owners submit the ATRR that may include the previously discussed incentives. Evergy Metro and Evergy West will then receive its allocated share of the transmission costs that include these incentives.

Q. What is Staff's recommendation regarding Evergy Metro's and Evergy West's proposal for the wholesale revenue credit?

A. Since no adjustment was made to its transmission expense for the incentives that are included in the costs Evergy Metro and Evergy West receive from SPP and charges to its customers, for consistency Staff did not reduce transmission revenues for the difference in Evergy Metro's and Evergy West's authorized FERC ROE of 11.1% and its proposed ROE of 10% in this case. Staff did reflect the full financial impact of both transmission revenue and transmission expense. It is Staff's position that Evergy Metro's and Evergy West's participation in SPP encompasses both the financial impact of Evergy Metro's and Evergy West's ownership of transmission assets and the financial impacts of the use of other SPP members' transmission assets. Consequently, Evergy Metro and Evergy West customers are entitled to all transmission revenues that offset a part of transmission expense.

<u>SO^2 AMORTIZATIONS AND EMISSION ALLOWANCES</u>

Q. Please explain SO^2 emission allowances.

A. Evergy Metro and Evergy West receive SO^2 emission allowances ("SO^2 allowances") from the United States Environmental Protection Agency ("EPA"), which authorize Evergy Metro and Evergy West to emit one ton of emissions during a given compliance period.

Q. Did Staff make an adjustment to the test year expense levels for Evergy Metro and Evergy West?

A. No. Staff included the test year balances as of June 30, 2021 for Evergy Metro and Evergy West.

Q. Did Staff make additional adjustments for the sale of emission allowances?

A. Yes. Staff included the balance of a regulatory liability for emission allowances that was agreed to in the Regulatory plan, Case No. EO-2005-0329.

Q. Please explain how Evergy Metro accounts for the sale proceeds of emission allowances.

A. As part of the Regulatory Plan, Case No. EO-2005-0329,[8] Evergy Metro is required to record SO^2 emissions allowances as a regulatory liability. In Case No. ER-2010-0355, the Commission approved a *Non Unanimous Stipulation and Agreement as to Miscellaneous Issues* that included an amortization period of 21 years for the SO^2 emissions allowance regulatory liability. In this instance, the regulatory liability for emission allowances is included in Accounting Schedule 2-Rate Base for Evergy Metro. Staff also included an annual amortization consistent with the *Non Unanimous Stipulation and Agreement as to Miscellaneous Issues.*

BORDER CUSTOMERS

Q. Please explain border customers.

[8] Case No. EO-2005-0329, Stipulation and Agreement, Approved by the Commission on August 23, 2005.

A. Border customers are customers who are in the service territory of one utility to which the customer will pay its bill, but are physically served by another utility's power lines. In other words, there are Evergy Metro and Evergy West customers currently being served by another utility's power and customers of other utilities that are being served by Evergy Metro's and Evergy West's power.

Q. Are the fuel costs and revenues for border customers included in Staff's fuel model and retail revenue calculation?

A. Yes, in part. The energy supplied by another utility for Evergy Metro's and Evergy West's is included in Staff's fuel model as a reduction to the net system input ("NSI") and the revenues for Evergy Metro and Evergy West customers that are served by another r utility are included in Staff's retail revenue calculation and included in Evergy Metro's and Evergy West's cost of service. When another utility's customers are served by Evergy Metro and Evergy West, the utility must reimburse Evergy Metro and Evergy West for the cost of serving those customers. The energy supplied by Evergy Metro and Evergy West is included in Staff's fuel model and the related fuel costs are included in Evergy Metro's and Evergy West's cost of service.

Q. Are additional adjustments necessary to account for all the border customer costs and revenues?

A. Yes. To ensure that all border customer costs and revenues are included in Evergy Metro's and Evergy West's cost of service, an additional adjustment must be made to include (1) the payment Evergy Metro and Evergy West makes to reimburse other utilities for the costs to serve Evergy Metro's and Evergy West's customers – purchased power, and (2) the payment Evergy Metro and Evergy West receives from other utilities for the costs to serve those utilities' customers -- sales.

Q. Please explain Staff's adjustment for these costs and revenues.

A. Staff reflected actual Evergy Metro and Evergy West border customer revenues and expenses for the twelve months ending December 31, 2021, the end of the test year update period. Staff's adjustment for border customers is reflected on Schedule 10 of Staff's Accounting Schedule for Evergy Metro and Evergy West.

OFF-SYSTEM SALES

Q. Please explain off-system sales

A. For Evergy Metro and Evergy West, off-system sales consists of non-firm off-system sales, firm off system sales, and FERC wholesale sales.

Q. Please explain non-firm off-system sales

A. For purposes of discussing revenue requirement calculations, non-firm off-system sales are sales of electricity made at times when a utility's generation output exceeds the load requirements of its native load customers (rate tariff customers) and firm sale customers. Evergy Metro and Evergy West must first meet its firm sales loads and, if it has excess electricity to sell, it will make non-firm off-system sales. The difference between the revenue received for selling the excess generation and the cost of the fuel used to produce the energy sold are referred to as off-system sales margin ("OSSM"). Non-firm off-system sales are reflected in Staff's fuel model.

Q. Please explain firm off-system sales.

A. Evergy Metro and Evergy West enter into contracts to supply capacity and energy. Evergy Metro has a firm off-system contract with the City of Eudora, Big Rivers Electric Corp., and the Kansas Municipal Energy Agency. These customers pay both a demand charge for the megawatt capacity commitment from Evergy Metro and an energy charge for the cost of delivered energy. In addition, Evergy Metro also provides capacity to Evergy West. Black Hills Power, Inc. pays both a demand charge for the megawatt capacity commitment from Evergy West and an energy charge for the energy delivered.

Q. Please explain FERC Wholesale Sales.

A. FERC wholesale customers are municipalities that buy electricity under a firm power tariff regulated by the FERC. Since the wholesale customers are treated as if they were located in another jurisdiction, none of the revenues from these customers are included in the Missouri utility's regulated operations. Staff allocates to the Missouri utility the plant-in-service, accumulated depreciation reserves, revenues, fuel and purchased-power costs and maintenance costs required to serve Missouri customers using demand and energy allocation factors developed by Staff witness, Alan J. Bax. The FERC jurisdictional loads are not included in the demand and energy allocators developed for the Missouri jurisdiction.

Q. Please explain Staff's recommendation for firm and non-firm off-system sales for Evergy Metro and Evergy West.

A. As previously described the non-firm off-system sales are reflected in Staff's fuel model. Staff witnesses Shawn Lange (Evergy Metro fuel model) and Charles Poston (Evergy West fuel model) provide testimony regarding Staff's fuel model results. With regard to non-firm off-system sales, Staff reviewed the sales levels and adjusted the test year levels as of June 30, 2021 to reflect the levels for update period, 12 months ending December 31, 2021.

Staff's adjustments are reflected in Schedule 10 of Staff's Accounting Schedules for Evergy Metro and Evergy West.

Q. How did Staff account for firm off-system sales?

A. Staff annualized the capacity sales for Evergy Metro and Evergy West based on the 12 months ending December 31, 2021. Staff's adjustment for the firm and non-firm off-system sales is reflected in Staff's Accounting Schedule 10.

REVENUE NEUTRAL UPLIFT

Q. Please describe revenue uplift charges.

A. The revenue neutral uplift charges are imbalances between revenues and disbursements that are distributed by SPP to SPP market participants as either a charge or a credit. As a not-for-profit organization, SPP must remain revenue neutral. Consequently, SPP will charge or credit Evergy Metro and Evergy West for the revenue neutral uplift charge. The charge consists of miscellaneous charges or credits that SPP has no other method of distributing to SPP market participants.

Q. Is Staff recommending an adjustment for revenue uplift charges incurred by Evergy Metro and Evergy West?

A. Yes. Staff analyzed the revenue neutral uplift charges for the calendar years 2018 through 2021. Staff found that the revenue neutral uplift charges incurred by Evergy Metro and Evergy West increased dramatically for the 12-month period ending December 31, 2021.

Q. Did the February 2021 Winter Storm Uri impact the revenue neutral uplift charges incurred by Evergy Metro and Evergy West?

A. Yes, according to Evergy's response to Staff Data Request 0104.1. Evergy's stated in its response, ** [redacted] **

Q. Did Staff have additional discussions with Evergy personnel regarding the increase in the revenue neutral uplift charges?

A. Yes. During a meeting held on May 10, 2021, Staff was informed that the increase in December 2021 is likely to be the normal level of costs going forward and was not related to Winter Storm Uri.

Q. What level of revenue neutral uplift charges is Staff recommending for Evergy Metro and Evergy West?

A. Staff annualized the revenue neutral uplift charges for the 12-month period ending December 31, 2021, the update period in this case, and included them in Staff's off-system sales adjustments in Staff's Accounting Schedule 10. However, Staff has concerns about the level of costs Evergy Metro and Evergy West incurred during this period and the uncertainty regarding future charges. For this reason Staff will reevaluate these charges during the true-up phase of the case.

<u>TRANSMISSION CONGESTION RIGHTS</u>

Q. Please describe Transmission Congestion Rights ("TCR").

A. Transmission Congestion Rights ("TCR") are an energy financial instrument that entitles the holder to be compensated or charged for congestion in the SPP Integrated

Market between two settlement locations.[9] When transmission congestion occurs, Evergy Metro and Evergy West incurs additional charges from SPP for moving energy from generation to load. Evergy Metro and Evergy West, as a transmission owner, is allocated TCRs to hedge the actual transmission congestion charges incurred to serve its native load. A "transmission owner" in SPP is an owner of physical transmission assets within a given service territory. TCRs may result in a source of revenue or a charge from SPP.

Q. What level of TCR's is Staff recommending for Evergy Metro and Evergy West?

A. Staff recommends an annualized level of TCRs for Evergy Metro and Evergy West based on the 12 months ending December 31, 2021. Staff's adjustment is reflected in Staff's Accounting Schedule 10.

ANCILLARY SERVICES

Q. Please describe ancillary services.

A. Ancillary services, also known as operating reserves, include regulation-up, regulation-down, spinning reserve, and supplemental reserve services that are a source of revenue and expense for Evergy Metro and Evergy West. These services support the transmission of capacity and energy while maintaining the reliability of the transmission system. Regulation–up and regulation-down maintains the balance between the generation and the load. Spinning reserve and supplemental reserve requires that an energy resource such as a power plant must be available in the event of an outage. Prior to March 1, 2014, KCPL and GMO were part of an Energy Imbalance Service market ("EIS") and self-designated ancillary services. On March 1, 2014, the SPP Integrated Marketplace began replacing the

[9] SPP Open Access Transmission Tariff.

previous EIS market. Consequently, Evergy Metro and Evergy West now purchase ancillary services for its load from SPP and sells ancillary services to SPP.

Q. Did the February 2021 Winter Storm Uri impact the ancillary service charges incurred by Evergy Metro and Evergy West?

A. Yes. The ancillary service charges for February 2021 included an abnormal amount for Evergy Metro and Evergy West.

Q. How did Staff account for this abnormality?

A. Staff utilized the costs incurred in February 2020 as a surrogate for February 2021.

Q. What level of ancillary service charges is Staff recommending for Evergy Metro and Evergy West?

A. Staff recommends an annualized level of ancillary service charges for Evergy Metro and Evergy West based on the 12 months ending December 31, 2021 that includes the adjustment to account for Winter Storm Uri. Staff will reevaluate this adjustment in the true-up phase of the case. Staff's adjustment is reflected in Staff's Accounting Schedule 10.

MISSOURI IOWA NEBRASKA TRANSMISSION LINE LOSSES

Q. Please describe the Missouri Iowa Nebraska Transmission line losses ("MINT").

A. Evergy Metro and Evergy West make payments to Associated Electric Cooperative, Inc. ("AEC") for transmission losses on the MINT transmission line.

Q. What level of losses does Staff recommend to include in Evergy Metro's and Evergy West's revenue requirement?

A. Staff recommends using an annualized level of MINT losses based on the test year, 12-month period ending June 30, 2021.

COMMON USE PLANT BILLING

Q. Please describe common use billings.

A. Common use plant is plant recorded on the books of Evergy Metro that can be used by affiliates of Evergy Metro, including Evergy West. Common use plant billings are the monthly billings to affiliated entities of Evergy Metro for the entities' use of Evergy Metro's plant. Evergy Metro charges its affiliates for the use of these assets.

Q. Is Staff recommending an adjustment for the common use plant billings?

A. Yes. An adjustment is necessary to annualize the amount of common use plant. Since common use plant is on the books of Evergy Metro, the adjustment results in a reduction to Evergy Metro's cost of service. Conversely, the adjustment is an increase to Evergy West's cost of service. Staff's adjustments are identified on Schedule 10 of Staff's Evergy Metro and Evergy West Accounting Schedules.

GREENWOOD SOLAR FACILITY

Q. Please provide the history of Evergy West's Greenwood Solar Facility.

A. On November 12, 2015, Evergy West, formerly KCP&L Greater Missouri Operations Company ("GMO") filed an application, Case No. EA-2015-0256, with the Commission requesting permission and approval of a Certificate of Public Convenience and Necessity ("CCN") authorizing it to construct, install, own, operate, maintain and otherwise control and manage solar generation facilities in Greenwood Missouri ("Greenwood Solar Facility"). Evergy West entered into a Master Service Agreement ("Agreement") with ** [redacted] ** for the engineering, procurement, and construction of the Greenwood Solar Facility.[10] The Greenwood Solar Facility is a three megawatt ("MW") solar facility that will produce approximately 4,700 megawatt-hours ("MWh") of solar energy per year.[11] Evergy West indicated in its certificate application the Greenwood Solar facility was being proposed to gain experience owning, maintaining, and operating a utility scale solar facility.

The Commission approved Evergy West's request for a CCN for the Greenwood Solar Facility in its *Report and Order* effective March 12, 2016. On page 18 of its *Report and Order*, the Commission stated, "The Commission has found that GMO's proposal to construct a pilot solar plant is necessary or convenient for the public service and will grant the company the certificate and necessity it seeks."

Q. Did the Commission address any other concerns with approval of the CCN?

A. Yes. In addition to granting Evergy West the CCN for the Greenwood Solar Facility, the Commission also addressed concern that Evergy West ratepayers will bear all the costs of a facility that is primarily being built to allow Evergy Metro, formerly Kansas City Power and Light ("KCPL") to gain experience owning, maintaining, and operating a utility scale solar facility. Beginning on page 16 of its *Report and Order* in Case No. EA-2015-0256, the Commission stated:

> The Commission is concerned that only GMO ratepayers will bear the cost of the project. The Commission will not make any specific ratemaking decisions in this case. Those will be reserved for GMO's pending rate case. However, the matter will once again come before the Commission when GMO seeks to add the plant to its rate base. **At that**

[10] GMO response to Staff Data Request No. 0006 in Case No. EA-2015-0256.

[11] *Application of KCP&L Greater Missouri Operations Company for Permission and Approval of a Certificate of Public Convenience and Necessity Authorizing It to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage Solar Generation Facilities in Western Missouri*, Page 3.

> **time, the Commission will expect GMO to propose a means by which those costs will be shared with KCP&L's customers who will also benefit from the lessons learned from this pilot project.** (Emphasis added.)

Q. Since the approval of the CCN in Case No. EA-2015-0256, has Staff recommended an allocation of the Greenwood solar facility as ordered by the Commission?

A. Yes. In the general rate cases filed by Evergy Metro and Evergy West following the Commission approval of the CCN, Staff recommended allocating the solar facility.[12] Consistent with previous Evergy Metro and Evergy West general rate cases, Staff allocated the solar facility using the average customer numbers reported in their annual reports.

Q. Please explain Staff's adjustments related to the Greenwood Solar Facility.

A. Staff recommends allocating the Greenwood Solar capital costs and all related expenses to between Evergy Metro, Evergy West, and Evergy Kansas Metro.

<u>STORM RESERVE</u>

Q. Please provide an explanation of the storm reserve proposed by Evergy Metro and Evergy West.

A. Evergy Metro and Evergy West propose to set a reserve level based on a 3 year average (2018-2020) of storm costs. The 2018-2020 average is multiplied by 3 to set the base reserve amount. The initial reserve amount will be established using regulatory assets that Evergy Metro and Evergy West have over collected from its customers. The storm reserve will be used for non-labor storm costs greater than $200,000.[13]

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[12] Staff allocated the Greenwood solar facility in Case Nos. ER-2016-0156, ER-2016-0285, ER-2018-0145 and ER-2018-0146.

[13] Case No. ER-2022-0129, Direct Testimony of Ronald A. Klote, pgs 38-40 and ER-2022-0130, Direct Testimony of Ronald A. Klote, pgs 36-38.

Q. Does Staff recommend a storm reserve for Evergy Metro and Evergy West?

A. No. Staff will address the proposed storm reserve in rebuttal testimony.

SURVEILLANCE REPORTS

Q. Please describe the surveillance reports that Evergy Metro and Evergy West are required to provide.

A. In addition to the surveillance reports required for the FAC, MEEIA, and Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM"), Evergy Metro provides an annual surveillance report and Evergy West provides a monthly surveillance report. The Company proposes to eliminate the annual surveillance report for Evergy Metro and the monthly surveillance report for Evergy West.

Q. When did Evergy Metro begin to provide an annual surveillance report?

A. On November 6, 1992, the Commission issued in Case No. EO-93-143 an Order Modifying Joint Recommendation as requested by the signatories to the Modification To Joint Recommendation. (Schedule kl-d3) This order required Evergy Metro to provide an annual surveillance report based on 12 months data ending December. Previously, Evergy Metro provided a semiannual surveillance report based on 12-months ending June 30 and December 31 of each year.[14]

Q. Is the data provided in the annual surveillance report consistent with other surveillance reports provided by Evergy Metro?

A. No. Staff will address the differences in its rebuttal testimony.

Q. When did Evergy West begin to provide a monthly surveillance report?

[14] *Order approving Joint Recommendation* in Case Nos. EO-85-185 and EO-85-224.

A. In Case No. HR-2005-0450, the Commission approved a Non-Unanimous Stipulation and Agreement that required the Company to provide a monthly surveillance report[15]. The Stipulation and Agreement is attached as Schedule kl-d4.

Q. Is the data provided in the monthly surveillance report consistent with quarterly surveillance reports provided by Evergy West?

A. Yes, based on discussions with Commission Staff members that utilize the QCA surveillance reports.

Q. Does Staff recommend to continue the annual surveillance report for Evergy Metro and the monthly surveillance report for Evergy West?

A. Staff recommends that the Commission require Evergy Metro to continue to provide the annual surveillance report. Staff also recommends that the monthly surveillance report can be eliminated if the parties that entered into the Stipulation and Agreement in Case No. HR-2005-0450 are also in agreement.

CUSTOMER EDUCATION COSTS

Q. Please explain customer education costs.

A. In Case Nos. ER-2018-0145 and ER-2018-0146 the Commission approved a *Non-Unanimous Partial Stipulation and Agreement Regarding Class Revenue Shifts.* As part of this Stipulation, Evergy Metro and Evergy West agreed to the following;

> a. The Company agrees to develop and implement a customer education plan regarding the rate design presented in this Stipulation. In the development of the education plan, the Company will examine and evaluate leading educational processes and practices on customer education of rate designs. The Company's rate design education plan may include various forms of tools, marketing and customer education

[15] Case No. HR-2005-0450, *Order Regarding Stipulation and Agreement*, February 28, 2006.

such as mailings, outbound calling, utilization of their Interactive Voice Response Unit ("IVR"), text messaging, website information, media outlets and outreach through various company partners including community action agencies, senior housing centers and others.

b. The Company agrees to provide Staff, OPC, and DE with a report detailing its planned rate design education program within the Q2 of 2019. The Company and interested parties may further address the Company's rate design education program within the stakeholder meetings identified in the Time Of Use ("TOU") Non-Unanimous Stipulation and Agreement filed on September 25, 2018 in these cases.

c. KCP&L and GMO shall be authorized to defer for recovery prudently incurred costs (including marketing, education, evaluation and administration costs) to develop and implement the above-referenced customer education plan. In their next rate case(s), KCP&L and GMO shall be authorized to recover these prudently incurred costs.

Q. Please explain Staff's recommendation for customer education costs.

A. Staff reviewed the costs booked into the regulatory asset through December 31, 2021. Consistent with the *Non-Unanimous Partial Stipulation and Agreement Regarding Class Revenue Shifts*, Evergy Metro and Evergy West deferred costs related to customer education of rate design that included but was not limited to marketing and administrative costs. Staff recommends a four year amortization of the deferred customer education costs recorded through December 31, 2021. The annual amortization is reflected in Staff's Accounting Schedule 10. Staff also recommends Evergy Metro and Evergy West cease deferring customer education costs in a regulatory asset.

<u>TIME OF USE PROGRAM COSTS</u>

Q. Please explain Time of Use ("TOU") program costs.

A. In Case Nos. ER-2018-0145 and ER-2018-0146 the Commission approved a *Non-Unanimous Partial Stipulation and Agreement Concerning Rate Design Issues*[16]. As part of this Stipulation, Evergy Metro and Evergy West are allowed to defer prudently incurred program costs at the level represented by the percentage of customers enrolled in the TOU service at the time the rate case is filed compared to a target level, not to exceed 100%.

> The Stipulation states; KCP&L and GMO shall be authorized to defer for recovery prudently incurred program costs (representing the prudently incurred work detailed above and including marketing, education, evaluation and administration costs) associated with the TOU service. In the next rate case, KCP&L and GMO shall be authorized to recover prudently incurred program costs at the level represented by the percentage of customers enrolled in the TOU service at the time of filing of the rate cases compared to the above target level, not to exceed 100% recovery of costs. KCP&L and GMO will demonstrate that such percentage is not simply a result of transferring customers to a lower rate, but based on efforts directly related to changing customer behavior through marketing and education.

Q. Please explain Staff's recommendation for TOU costs.

A. Staff reviewed TOU costs booked into the regulatory asset through December 31, 2021. Consistent with the Non-Unanimous Partial Stipulation and Agreement Concerning Rate Design Issues, Evergy Metro and Evergy West deferred costs related to TOU rate design that included but was not limited to marketing, education, and administrative costs. Staff recommends a four year amortization of the deferred TOU costs recorded through December 31, 2021. The annual amortization is reflected in Staff's Accounting Schedule 10. Staff also recommends Evergy Metro and Evergy West cease deferring TOU costs in a regulatory asset.

[16] Case Nos ER-2018-0145 ER-2018-0146, *Non-Unanimous Partial Stipulation and Agreement Concerning Rate Design Issues*, page 8, p2.l.

PAYS PROGRAM COSTS

Q. Please explain Pay as You Save ("PAYS®") program costs.

A. In Case Nos. EO-2019-0132 and EO-2019-0133 Evergy Metro and Evergy West filed tariff sheets designed to implement a PAYS pilot program. The parties to the case accepted the pilot program with the exception of the earning opportunity and administrative cap limits for the program. On September 2, 2021, the parties entered into a *Stipulation and Agreement Resolving PAYS® Earnings Opportunity Issues*.[17] Evergy Metro and Evergy West began offering the program October 1, 2021.

Q. What is the purpose of the PAYS® pilot program?

A. The purpose of the PAYS® pilot program is to promote the installation of energy efficient measures and create long-term energy savings and bill reduction opportunities for residential participants through a monthly service charge.

Q. How long will the participant be charged for the monthly service charge?

A. The monthly service charge will remain on a participant's bill until Evergy Metro and Evergy West recover all the costs associated with the installation of the equipment, not to exceed twelve years.

Q. Do Evergy Metro and Evergy West recover any costs associated with the PAYS® pilot program in its MEEIA rider?

A. Yes. Evergy Metro and Evergy West recover the difference between the 3% financing cost and their weighted average cost of capital return through the MEEIA rider. This

[17] Case Nos. EO-2019-0132 and EO-2019-0133, *Stipulation and Agreement Resolving PAYS® Earnings Opportunity Issues*, Approved by the Commission on September 15, 2021, *Order Approving Stipulation and Agreement, Ending Tariff Suspension, and Approving Tariff.*

cost is recovered in the MEEIA rider, beginning when a participant initiates the installation of the equipment until the costs are included in base rates. Once the cost is included in base rates, it is no longer recoverable through the MEEIA.

Q. Did Staff include any revenues related to the PAYS®?

A. No. Evergy Metro and Evergy West have not collected any revenues as of the update period, December 31, 2021. Staff will include revenues for the PAYS® program during the true-up phase of this case.

Q. What types of costs are included in the PAYS® program and how are they recorded by Evergy Metro and Evergy West?

A. Evergy Metro and Evergy West records the investment, financing charges, and revenues in a regulatory asset. The regulatory asset balance is included in rate base and recovered over a 12 year period. This is consistent with the PAYS® program offered by other Missouri utilities.

Q. Please explain Staff's recommendation for Pays program costs.

A. As of December 31, 2021, Evergy Metro has one customer enrolled in the program and Evergy West has two customers enrolled in the program. Staff included the regulatory asset associated with these costs in rate base and included an annual amortization expense based on a 12 year period. Staff's adjustment is reflected in Staff's Accounting schedule 2-Rate Base and schedule 10.

Q. Does this conclude your direct testimony?

A. Yes it does.

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	))))	Case No. ER-2022-0129
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	))))	Case No. ER-2022-0130

AFFIDAVIT OF KAREN LYONS

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW KAREN LYONS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Karen Lyons*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Karen Lyons
KAREN LYONS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of JACKSON, State of Missouri, at my office in Kansas City, on this 6th day of June 2022.

Notary Public

NOTARY SEAL STATE OF MISSOURI NOTARY PUBLIC
EBONEY JACKSON-SPOTWOOD
My Commission Expires
April 8, 2023
Clay County
Commission #19866798

Case Participation
of
Karen Lyons

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2022	ER-2022-0129 (Pending)	Evergy Missouri Metro	Case Coordinator **Direct**: : SO2 Proceeds, Emission Allowances, Surveillance reporting, Off-System Sales, Greenwood Solar, Transmission Revenue, Wholesale Transmission Revenue Credit, Border Customers, Storm Reserve, Customer Education costs, Time of Use program costs, Pays Program, Ancillary Services, Transmission Congestion Rights, Revenue Neutral Uplift charges, Common Use Plant Billings
2022	ER-2022-0130 (Pending)	Evergy Missouri West	Case Coordinator **Direct**: SO2 Proceeds, Emission Allowances, Surveillance reporting, Off-System Sales, Greenwood Solar, Transmission Revenue, Wholesale Transmission Revenue Credit, Border Customers, Storm Reserve, Customer Education costs, Time of Use program costs, Pays Program, Ancillary Services, Transmission Congestion Rights, Revenue Neutral Uplift charges, Common Use Plant Billings
2022	GO-2022-0171 (Pending)	Spire East and Spire West Infrastructure System Replacement Surcharge (ISRS)	Staff Memorandum-Supervisory Oversight
2021	ER-2021-0240	Ameren Missouri-General Rate Case	**Surrebuttal/True Up**: Electric Vehicle Employee Incentive, Charge Ahead Program, Pay as You Save Program
2021	WA-2022-0049 and SA-2022-0050	Missouri American Certificate of Convenience and Necessity (CCN)	Staff Memorandum-Supervisory Oversight
2021	EA-2022-0043 (Pending)	Evergy Missouri Metro and Every Missouri West (CCN)	
2021	EO-2022-0105	Evergy Missouri Metro (Sale of Assets)	Staff Memorandum-Supervisory Oversight

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2020-2021	GR-2021-0108 (Contested)	Spire Missouri-General Rate Case	Case Coordinator **Direct**: Propane Investment Natural Gas Inventories EnergyWise and Insulation Financing Programs St Peters Lateral **Rebuttal**: Research and Development Costs **Surrebuttal**: Propane Investment
2021	EO-2021-0032	Evergy Missouri Metro and Evergy Missouri West	Investigatory Docket –Elliott Management
2020	SA-2021-0074	Missouri American Water Company (Sewer) Certificate of Convenience and Necessity (CCN)	Staff Memorandum-Supervisory Oversight
2020	SA-2021-0017 (Contested)	Missouri American Water Company (Sewer) Certificate of Convenience and Necessity (CCN)	Staff Memorandum-Supervisory Oversight
2020	GO-2021-0031 (Stipulated)	Spire West-Infrastructure System Replacement Surcharge (ISRS)	Staff Memorandum
2020	GO-2021-0030 (Stipulated)	Spire West-Infrastructure System Replacement Surcharge (ISRS)	Staff Memorandum
2020	GA-2021-0010	Spire Missouri- Certificate of Convenience and Necessity (CCN)	Staff Memorandum-Supervisory Oversight
2020	WR-2020-0264 (Unanimous Disposition Agreement)	The Raytown Water Company (Water Rate Case)	Staff Memorandum-Supervisory Oversight
2020	WM-2020-0174	Liberty Utilities (Missouri Water) Acquisition	Staff Memorandum-Supervisory Oversight
2020	GO-2016-0332, GO-2016-0333 and GO-2017-0201, GO-2017-0202 (Remand Cases-Stipulated)	Spire Missouri-Infrastructure System Replacement Surcharge (ISRS)	Staff Memorandum-Refund calculation
2020	GO-2018-0309 and GO-2018-0310 (Remand Cases-Stipulated)	Spire Missouri-Infrastructure System Replacement Surcharge (ISRS)	Staff Direct Report-Refund calculation
2020	GO-2020-0230 (Stipulated)	Spire West-Infrastructure System Replacement Surcharge (ISRS)	Staff Memorandum **Direct**: Income Taxes
2020	GO-2020-0229 (Stipulated)	Spire East-Infrastructure System Replacement Surcharge (ISRS)	Staff Memorandum **Direct**: Income Taxes
2020	GA-2020-0251	Summit Natural Gas of Missouri (CCN)	Staff Memorandum-Supervisory Oversight
2020	SM-2020-0146	Elm Hills Utility Operating Company (Acquisition)	Staff Memorandum
2019	GA-2020-0105	Spire Missouri, Inc Certificate of Convenience and Necessity (CCN)	Staff Memorandum-Supervisory Oversight
2020	ER-2019-0374	Empire District Electric Company (Electric Rate Case)	CWC- Supervisory Oversight

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2019-2020	ER-2019-0335 (Stipulated)	Union Electric Company, d/b/a Ameren Missouri (Electric Rate Case)	**Direct**: Cloud Computing, Electric Vehicle Employee Incentive, Charge Ahead Program **Rebuttal**: Cloud Computing, Paperless Bill Credit, Time of Use Pilot Tracker
2019	WA-2019-0364 & SA-2019-0365 (Proceedings Stayed)	Missouri American Water Company (CCN)	Supervisory Oversight
2019	WA-2019-0366 & SA-2019-0367 (Dismissed)	Missouri American Water Company (CCN)	Supervisory Oversight
2019	GO-2019-0357 (Contested)	Spire West-Infrastructure System Replacement Surcharge (ISRS)	Staff Memorandum **Direct:** Income Taxes
2019	GO-2019-0356 (Contested)	Spire East-Infrastructure System Replacement Surcharge (ISRS)	Staff Memorandum **Direct**: Income Taxes
2019	WO-2019-0184 (Contested)	Missouri American Water Company (ISRS)	Staff Memorandum **Direct**: Net Operating Loss **Rebuttal**: Net Operating Loss
2019	SA-2019-0161	United Services, Inc (CCN)	Staff Memorandum
2019	SA-2019-0183	Missouri American Water Company (CCN)	Staff Memorandum
2018	ER-2018-0145 (Stipulated)	Kansas City Power & Light Company (Electric Rate Case)	**Direct**: Greenwood Solar, Cash Working Capital, Transmission Revenue, Ancillary Services, Transmission Congestion Rights, Revenue Neutral Uplift charges, Off System Sales, Missouri Iowa Nebraska Transmission Line Losses, IT Software, Insurance, Injuries and Damages, Common Use Plant Billings, Income Taxes, Kansas City earning tax, ADIT, TCJA impacts **Rebuttal**: Injuries and Damages, Sibley and Montrose O&M **Surrebuttal**: Greenwood Solar, Injuries and Damages, Kansas City Earnings Tax, Income Taxes

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2018	ER-2018-0146 (Stipulated)	KCP&L Greater Missouri Operations Company (Electric Rate Case)	**Direct**: Greenwood Solar, Cash Working Capital, Transmission Revenue, Ancillary Services, Transmission Congestion Rights, Revenue Neutral Uplift charges, Off System Sales, Missouri Iowa Nebraska Transmission Line Losses, IT Software, Insurance, Injuries and Damages, Common Use Plant Billings, Income Taxes, Kansas City earning tax, ADIT, TCJA impacts **Rebuttal**: Injuries and Damages, Sibley and Montrose O&M **Surrebuttal**: Greenwood Solar, Injuries and Damages, Kansas City Earnings Tax, Income Taxes
2017	GR-2017-0215 and GR-2017-0216-Contested	Laclede Gas and Missouri Gas Energy (Gas Rate Case)	**Direct**: Cash Working Capital, JJ's incident, Environmental costs, Property Taxes, Kansas Property Taxes, Cyber Security Costs, Energy Efficiency, Low Income Energy Assistance Program, One time Energy Affordability Program, Low Income Weatherization, Red Tag Program **Rebuttal**: Cyber-Security, Environmental and Kansas Property Tax Trackers, St Peters Lateral Pipeline **Surrebuttal**: Kansas Property Tax, Cash Working Capital, Energy Efficiency, JJ's related costs, Rate base treatment of Red Tag Program, St Peters pipeline lateral and MGE's one-time Energy Affordability Program **Litigated**: Kansas Property taxes and Trackers

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2016-2017	ER-2016-0285-Contested	Kansas City Power & Light Company (Electric Rate Case)	**Direct**: Greenwood Solar, Fuel Inventories, Transmission Revenue, Ancillary Services, Transmission Congestion Rights, Market to Market Sales, Revenue Neutral Uplift charges, Fuel additives, Purchase Power, Fuel prices, Off System Sales IT Software, FERC Assessment, SPP Administrative fees, Transmission expense, CIP and Cyber Security, Depreciation Clearing, ERPP, Surface Transportation Board Reparation Amortization Amortization **Rebuttal**: Transmission expense/revenue and Property tax Forecasts/Trackers, Wholesale Transmission Revenue **Surrebuttal** Transmission expense/revenue and Property tax Forecasts/Trackers, Wholesale Transmission Revenue, Transmission Wholesale Revenue, Greenwood Solar True-up Direct: Transmission Expense and Revenue, Transmission Congestion Rights **True-up Rebuttal**: Transmission Expense **Litigated**: Transmission Expense

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2016	ER-2016-0156-Stipulated	KCP&L Greater Missouri Operations Company (Electric Rate Case)	**Direct**: Greenwood Solar, Fuel Inventories, Transmission Revenue, Ancillary Services, Transmission Congestion Rights, Market to Market Sales, Revenue Neutral Uplift charges, Fuel additives, Purchase Power, Fuel prices, Off System Sales IT Software Maintenance, FERC Assessment, SPP Administrative fees, Transmission expense, CIP and Cyber Security, Depreciation Clearing, Amortization of Regulatory Liabilities and Assets, Transource **Rebuttal**: Cyber-Security and Transmission expense/revenue Forecasts/Trackers, Wholesale Transmission Revenue **Surrebuttal**: Cyber-Security and Transmission expense/revenue Forecasts/Trackers, Crossroad Transmission expense, Wholesale Transmission Revenue, Greenwood Solar, Amortizations
2016	EA-2015-0256-Contested	KCP&L Greater Missouri Operations Company (Solar CCN)	**Deposition** **Direct and Rebuttal Testimony:** No pre-filed testimony. Live testimony during hearing
2015	WO-2016-0098	Missouri American Water Company- Infrastructure Service Replacement Surcharge (ISRS Reconciliation)	Staff Memorandum

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2015	ER-2014-0370-Contested	Kansas City Power & Light Company (Electric Rate Case)	**Direct**: Fuel Inventories, Transmission Revenue, Ancillary Services, Transmission Congestion Rights, Market to Market Sales, Revenue Neutral Uplift charges, Fuel additives, Purchase Power, Fuel prices, IT Roadmap O&M, FERC Assessment, SPP Administrative fees, Transmission expense, Research and Development Tax Credit, **Rebuttal**: Property Tax, Vegetation Management and Cyber Security Trackers, SPP Region-Wide Transmission, Transmission Wholesale Revenue **Surrebuttal**: Property Tax, Vegetation Management and Cyber Security and Transmission Trackers, SPP Region-Wide Transmission, Transmission Wholesale Revenue, Transmission Expense **True-up Rebuttal**: Independence Power & Light Transmission Expense **Litigated Issues**: Transmission expense, Property Tax expense, CIP/Cyber Security expense, Independence Power & Light Transmission Expense
2014	HR-2014-0066-Stipulated	Veolia Energy Kansas City, Inc. (Steam Rate Case)	**Direct**: Fuel Inventories, Prepayments, Material Supplies, Customer Deposits, Fuel Expense, Purchased Power, Environmental Fees, Miscellaneous Non-Recurring Expenses
2014	GR-2014-0007-Stipulated	Missouri Gas Energy Company (Gas Rate Case)	**Direct**: Cash Working Capital, Revenues, Bad Debt, Outside Services, Environmental costs, Energy Efficiency, Regulatory Expenses, Amortization Expense, System Line Replacement costs, Property taxes, Kansas Property taxes **Surrebuttal**: Property taxes, Cash Working Capital, Manufactured Gas Plant costs
2013	GO-2013-0391	Missouri Gas Energy - Infrastructure Service Replacement Surcharge (ISRS)	Staff Memorandum
2013	WM-2013-0329	Bilyeu Ridge Water Company, LLC (Water Sale Case)	Staff Memorandum

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2012	ER-2012-0175-Contested	KCP&L Greater Missouri Operations Company (Electric Rate Case)	**Direct**: Revenues, L&P Revenue Phase In, Maintenance, L&P Ice Storm AAO, Iatan 2 O&M, Bad Debt, Outsourced Meter reading, Credit Card fees, ERPP, Renewable Energy Costs **Rebuttal**: Bad Debt, Property tax tracker, Renewable Energy Costs **Surrebuttal**: Bad Debt, Renewable Energy Costs, Property tax tracker, Revenues, L&P Ice Storm AAO, L&P Revenue Phase In, Credit and Debit Card fees
2012	ER-2012-0174-Contested	Kansas City Power & Light Company (Electric Rate Case)	**Direct**: Revenues, Maintenance, Wolf Creek Refueling, Nuclear Decommissioning, Iatan 2 O&M, Hawthorn V SCR, Hawthorn V Transformer, Bad Debt, Credit Card fees, ERPP, Demand Side Management costs, Renewable Energy Costs **Rebuttal**: Bad Debt, Property tax tracker, Renewable Energy Costs **Surrebuttal**: Bad Debt, Hawthorn SCR and Transformer, Renewable Energy Costs, Property tax tracker, Revenues, Credit and Debit card fees.
2012	WM-2012-0288	Valley Woods Water Company, Inc. (Water Sale Case)	Staff Memorandum
2012	GO-2012-0144	Missouri Gas Energy - Infrastructure Service Replacement Surcharge (ISRS)	Staff Memorandum
2011	HR-2011-0241-Stipulated	Veolia Energy Kansas City, Inc. (Steam Rate Case)	**Direct**: Revenues, Allocations, Income Taxes, Miscellaneous Non-recurring expenses
2010-2011	ER-2010-0356-Contested	KCP&L Greater Missouri Operations Company (Electric Rate Case)	**Direct**: Plant/Reserve, Cash Working Capital, Maintenance, Ice Storm AAO, Iatan 2 O&M, Depreciation Clearing, Property Taxes, Outsourced Meter reading, Insurance, Injuries and Damages **Rebuttal**: Property Tax, Maintenance **Surrebuttal**: Property Tax,

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2010-2011	ER-2010-0355-Contested	Kansas City Power & Light Company (Electric Rate Case)	**Direct**: Plant/Reserve, Cash Working Capital, Maintenance, Wolf Creek Refueling, Nuclear Decommissioning, Maintenance, Iatan 2 O&M, Depreciation Clearing, Hawthorn V SCR Impairment, Property Taxes, Insurance, Injuries and Damages **Rebuttal**: Property Tax, CWC-Gross Receipts Tax, Maintenance **Surrebuttal**: Property Tax, CWC-Gross Receipts Tax, Maintenance, Injuries and Damages, Decommissioning Expense, **Litigated**: Hawthorn V SCR Settlement, Hawthorn V Transformer Settlement
2011	SA-2010-0219	Canyon Treatment Facility, LLC (Certificate Case)	Staff Memorandum
2010	WR-2010-0202	Stockton Water Company (Water Rate Case)	Staff Memorandum
2010	SR-2010-0140	Valley Woods Water Company (Water Rate Case)	Staff Memorandum
2010	WR-2010-0139	Valley Woods Water Company (Sewer Rate Case)	Staff Memorandum
2010	SR-2010-0110	Lake Region Water and Sewer (Sewer Rate Case)	**Direct**: Plant and Reserve, CIAC, PSC Assessment, Property Taxes, Insurance, Injuries and Damages, Rate Case Expense, Other Operating Expenses, Allocations
2010	WR-2010-0111	Lake Region Water and Sewer (Water Rate Case)	**Direct**: Plant and Reserve, CIAC, PSC Assessment, Property Taxes, Insurance, Injuries and Damages, Rate Case Expense, Other Operating Expenses, Allocations
2009	GR-2009-0355-Stipulated	Missouri Gas Energy (Gas Rate Case)	**Direct**: Cash Working Capital
2009	ER-2009-0090-Global Settlement	KCP&L Greater Missouri Operations Company (Electric Rate Case)	**Direct**: Plant/Reserve, Cash Working Capital, Maintenance, Depreciation Clearing, Property Taxes, Bank Fees, Insurance, Injuries and Damages, Ice Storm AAO **Rebuttal**: Property Tax, CWC-Gross Receipts Tax **Surrebuttal**: Property Tax, CWC Gross Receipts Tax, Maintenance, Injuries and Damages

Year	Case/Tracking Number	Company Name	Type of Testimony/Issue
2009	HR-2009-0092-Global Settlement	KCP&L Greater Missouri Operations Company (Steam Rate Case)	**Direct:** Plant/Reserve, Cash Working Capital, Maintenance, Property Taxes, Bank Fees, Insurance, Injuries and Damages **Rebuttal**: Property Tax
2009	ER-2009-0089-Global Settlement	Kansas City Power & Light Company (Electric Rate Case)	**Direct:** Plant/Reserve, Cash Working Capital, Maintenance, Depreciation Clearing, Hawthorn V Subrogation proceeds, Hawthorn V Transformer, DOE Refund, Property Taxes, Bank Fees, Insurance, Injuries and Damages, Ice Storm AAO **Rebuttal**: Property Tax, CWC-Gross Receipts Tax **Surrebuttal**: Property Tax, CWC Gross Receipts Tax, Maintenance, Injuries and Damages
2008	HR-2008-0300-Stipulated	Trigen Kansas City Energy Corporation (Steam Rate Case)	**Direct**: Johnson Control Contract, Payroll, Payroll Taxes, and Benefits, Allocations, Insurance
2008	WR-2008-0314	Spokane Highlands Water Company (Water Rate Case)	Staff Memorandum
2007	GO-2008-0113	Missouri Gas Energy - Infrastructure Service Replacement Surcharge (ISRS)	Staff Memorandum

Evergy Missouri General Rate Case
Case Nos. ER-2022-0129 and ER-2022-0130
Direct Testimony-Staff Responsibility

Staff Witness	**Issue Responsibility**
Alan J. Bax	Jurisdictional Allocation Factors, System Energy Losses, Voltage Adjustment Factors
Michelle Bocklage	Evergy Metro and Evergy West Large Power revenue
Kimberly K. Bolin	COVID AAO, Winter Storm Uri
Kory J. Boustead	Income Eligible Weatherization
David T. Buttig	Evergy Metro Depreciation
Amanda C. Conner	Fuel Adjustment Clause
Kimberly Cox	Rate Revenues
Cedric E. Cunigan	Evergy West Depreciation
Dr. Saeid Dindarloo	Market Prices
Claire Eubanks	Advanced Metering Infrastructure
Jared Giacone	Cash Working Capital; CS-11-Miscellanous Adjustments; Incentive Compensation; Leases; Payroll Benefits; Payroll, Payroll Taxes, and 401(k); Pensions and OPEB's; Property Taxes; Rate Case Expense; SERP; Wolf Creek Water Contract
Scott J Glasow	Customer Service and Customer Experience
Nancy L. Harris	Economic Development Rider, Renewable Energy Standard Rate Adjustment Mechanism, Annual rate growth limitation with Plant in Service Accounting
Jordan Hull	Heat Rates
Shawn E. Lange	Evergy Metro Fuel Model
J. Luebbert	NUCOR and MEEIA Rate Case Annualization
Karen Lyons	Border Customers; Cloud Computing; Common Use Billing; Customer Education Costs; Greenwood Solar Facility Allocation; Line Loss Payments; Off-System Sales; Pays Program costs; SO2 Amortization; SPP Administrative Fees; SPP Revenue Neutrality Uplift Charges; SPP Ancillary Services, Storm Reserve; Surveillance Reporting; Time of Use costs; Transmission Congestion Rights; Transmission expense and revenue; Wholesale Transmission Revenue Credit
Keith Majors	Affiliate Transactions; Bad Debt Expense; Corporate Allocations; Crossroads (Evergy West Only); Electric Vehicle Amortization; Forfeited Discounts; Jurisdictional Allocations; L&P Revenue Phase-in; Meter Replacement O&M; Miscellaneous Revenues; PSC and FERC Assessments; Revenue; Sibley AAO; Transource; Transition Costs
Antonija Nieto	Advertising Expense; Account Receivable Fees; Credit Card Fees; Customer Advances; Customer Deposits; Demand Side Management Amortization; Dues and Donations; Economic Relief Program costs; Income Eligible Program costs; Injuries and Damages; Insurance expense; Lobbying; Maintenance Expense; Plant in Service Accounting (PISA); Prepayments; Renewable Energy Standard Amortization; Wolf Creek Nuclear Refueling Outage
Charles Poston	Evergy West Fuel Model, Lake Road Allocations
Dr. Hari K. Poudel	Weather variables
Joseph P. Roling	Lighting Revenue
Michael L. Stahlman	Weather Normalization
Dr. Seoung Joun Won	Rate of Return and Capital Structure
Matthew Young	Amortizations; Asset Retirement Obligations, Current Income Tax; Deferred Income Tax; Depreciation Clearing; Fuel Prices; Fuel Inventory; Iatan Regulatory Assets; Iatan 2 O&M tracker; Kansas City Earnings Tax; Plant Amortization; Plant in Service and Accumulated Depreciation Reserve; Prospective Tracking of Amortizations; Purchase Power, STB Amortization; Tax Cut and Job Act; Wolf Creek Decommissioning

3D

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 6th day of November, 1992.

In the matter of the modification of the Joint Recommendation approved by the Commission on November 23, 1987 in Case Nos. EO-85-185 and EO-85-224.	**Case No. EO-93-143**

ORDER MODIFYING JOINT RECOMMENDATION

On October 27, 1992, Kansas City Power & Light Company (KCPL) filed a Motion To Approve Modification To Joint Recommendation approved by the Commission on November 23, 1987 in Case Nos. EO-85-185 and EO-85-224.

On November 6, 1987, the Staff of the Missouri Public Service Commission (Staff), the Office of Public Counsel (Public Counsel), the Department of Energy, The Kansas Power and Light Company (now Western Resources, Inc.), the City of Kansas City, Missouri, Armco Inc., et al., General Motors Corporation, Ford Motor Company, Missouri Portland Cement Company, Reynolds Minerals Corporation, and Missouri Retailers Association entered into a Joint Recommendation To Kansas City Power & Light Company's Phase-in Plan Rates (Joint Recommendation) in Case Nos. EO-85-185 and EO-85-224. On November 23, 1987, the Commission entered an order approving said Joint Recommendation.

KCPL proposes, and all of the above-referenced signatories to the Joint Recommendation have agreed, to modify the Joint Recommendation as follows: Paragraph 4 of the Joint Recommendation requires KCPL to provide semiannual cost of service reports based upon twelve months' data ending June and December of each year. Said reports were to be provided to Staff and Public Counsel on the following September 30 and April 30, respectively, and to other parties on the said dates under certain nondisclosure requirements. The Modification To Joint Recommendation reflecting the parties' agreement is attached to this order as

Attachment A and is incorporated herein by reference. The Modification indicates that KCPL will prepare and provide a single annual cost of service report instead of the two semiannual reports currently being prepared and provided. KCPL shall prepare the cost of service reports based upon twelve months' data ending December of each year and shall provide those reports by the following April 30.

The Commission has considered the Motion To Approve Modification To Joint Recommendation and the Modification To Joint Recommendation and finds the terms reasonable. KCPL will still be obligated to provide cost of service reports but on a less burdensome basis. Also, according to Paragraph 2 of the Modification, KCPL agrees to meet any additional cost of service data request utilizing existing cost of service data that may be readily available.

IT IS THEREFORE ORDERED:

1. That the Motion To Approve Modification To Joint Recommendation in Case Nos. EO-85-185 and EO-85-224 be granted hereby and the Modification To Joint Report attached to this order as Attachment A be authorized hereby.

2. That this order shall become effective on the 17th day of November, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch,
Perkins and Kincheloe, CC., concur.

STATE OF MISSOURI
MISSOURI PUBLIC SERVICE COMMISSION

In the matter of Aquila, Inc. d/b/a Aquila Networks-L&P, for authority to file tariffs increasing steam rates for the service provided to customers in the Aquila Networks-L&P area.	))))))	HR-2005-0450

NONUNANIMOUS STIPULATION AND AGREEMENT

COME NOW Aquila, Inc. d/b/a Aquila Networks - L&P ("Aquila"), the Staff of the Missouri Public Service Commission ("Staff"), Ag Processing, Inc. ("AGP"), and the City of St. Joseph, Missouri ("St. Joseph") (collectively "the Signatory Parties") and state to the Missouri Public Service Commission ("Commission") as follows:

PROCEDURAL BACKGROUND

1. Aquila, doing business as Aquila Networks-L&P, serves steam customers in an area that includes St. Joseph, Missouri (the "L&P service area"). On May 27, 2004, Aquila submitted to the Commission revised tariff sheets designed to increase rates for steam service Aquila provides to its steam customers in the L&P service area. The tariff sheets bore an effective date of June 26, 2005, and were designed to produce an

annual increase of $5,000,000, exclusive of applicable fees and taxes.

2. On June 1, 2005, the Commission issued its Order suspending the effective date of the tariff sheets until April 24, 2006. Thereafter, various parties intervened in this proceeding. By order issued July 21, 2005, the Commission established a procedural schedule. Thereafter the Commission continued the commencement of the hearing from time-to-time. During these continuances, Aquila and AGP met for the purpose of exploring settlement of the outstanding issues. As a result of those discussions and negotiations, the Signatory Parties have resolved as among themselves all remaining issues in this case and stipulate and agree as follows:

RESOLUTION OF ISSUES

Revenue Requirement.

3. The proposed steam service tariff sheets filed by Aquila with the Commission on May 27, 2005, should be rejected and Aquila should be authorized to file with the Commission revised tariff sheets containing rate schedules for steam service in its L&P service area that are designed to produce an increase in base overall gross annual steam revenues, exclusive of applicable fees and taxes, in the amount of $4,500,000.

Goal for Effective Date of Rates.

4. The Signatory Parties agree to a goal of a March 1, 2006 effective date for the tariff sheets agreed to herein. In the event the Commission does not deem the March 1, 2006 effective date to be practicable, the Signatory Parties urge the Commission to permit the rate increase to take effect as soon thereafter as possible. The Commission, in any order approving this Nonunanimous Stipulation and Agreement, for good cause shown pursuant to Section 393.143(11), should authorize Aquila to file tariff sheets in conformance with the tariff sheets attached hereto for illustrative purposes as Appendix A, said tariffs to have an effective date of March 1, 2006, or such other date as is ordered, less than thirty (30) days from the filing date, without the necessity of Aquila filing a separate motion seeking such authorization.

Rate Design.

5. The increase in revenues will be accomplished by increasing each rate element on an equal percentage basis. Said percentage is approximately 37.48% and is calculated by dividing the agreed-to increase of $4,500,000 by the Staff's adjusted steam revenues of $12,006,485 for calendar year 2004, updated through June 30, 2005, as shown in Schedule 2 attached to the

prefiled direct testimony of Janice Pyatte (a copy of which is attached hereto as Appendix B).

Reliability Study.

6. At its cost, Aquila will perform a study of recent reliability problems as recommended in the direct testimony of AGP witness Johnstone. Aquila will identify solutions and report to the Commission Staff and interested parties within 90 days after the final order in this proceeding.

System Resource Study.

7. At its cost, Aquila will perform a system resource study as recommended in the direct testimony of AGP witness Johnstone. Aquila will incorporate applicable results of the reliability study referred to in paragraph 6 above into the steam system resource study, identify economical system resource options, and report the study results to the Commission Staff and interested parties within 240 days after the final order in this proceeding.

Fuel Cost Customer/Utility Alignment Mechanism.

8. Aquila will file rate adjustments quarterly to reflect 80% of the change in the actual fuel costs above or below a base amount of $3.005 per million BTU.

8.1. The cost of fuel will be the amounts expensed in Account 501. The amounts expensed will continue to be based on the cost definitions currently used for the inclusion of costs in this account and on the currently used cost allocation methods, as explained in some additional detail: The cost of gas in Account 501 will include the cost of physical gas deliveries and financial instruments, when settled, associated with gas delivered in the quarterly period. The cost of coal expenses to Account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) described in the excerpt of the direct testimony of Mr. Tim Nelson prefiled in this case, a copy of which is attached hereto as Appendix C.

8.2. For purposes of the quarterly rate adjustments, there will be defined minimum amounts of coal generation per Appendix D. If coal generation falls below any defined minimum amount, additional coal generation will be imputed up to the defined minimum at a cost according to the attached provision and the amount of natural gas fired generation will be reduced for the purposes of the fuel rate adjustments by a like amount according to economic dispatch principles. Aquila agrees that it will not seek an accounting authority order for fuel costs incurred, but not recovered, due to operation of this minimum coal provision. Further, Aquila will not attempt to recover from its electric customers costs not fully paid for from its steam operations that should be properly paid for by steam customers absent the agreement to impute coal generation to a defined minimum. As an example, Aquila will not seek to recover steam operation costs from Aquila's electric customers for any costs relating to the coal imputation discussed above.

8.3. Aquila will make quarterly filings with the Commission to adjust the fuel rider. Each quarterly rate adjustment will include the fuel costs from the preceding quarter. The quarterly fuel rider factors will be calculated by dividing the fuel costs by the preceding twelve month billing determinants; provided, however, that any steam load that increases or decreases expected BTU billing units by more than 5 percent can be added or subtracted to the historic billing determinants for the purpose of the quarterly fuel rider computation and rate. Each quarterly rate adjustment will remain in effect for twelve months.

8.4. As detailed below, there will be prudence reviews and true-up of revenues collected and costs. A reconciliation account shall be created to track, adjust and return true-up amounts and prudence amounts not otherwise refunded. The difference between the costs intended for recovery and revenues collected will be tracked in a reconciliation account. Fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the reconciliation account for collection unless a separate refund is ordered by the Commission. A reconciliation rate shall be established at a level designed to bring the reconciliation account to zero over a period of not less than 12 months and not more than 24 months. The rate may be adjusted quarterly.

8.5. The fuel rate adjustment will not include carrying costs related to the timing of fuel cost recovery.

8.6. In consideration of the sharing provisions of the fuel rate mechanism, and the intent to rely on an alignment of customer and Company interests in efficient operations, a two-step approach to prudence review will be followed. In step one the Staff will review to ascertain:

8.6.1. that the concept of aligning of company and customer interests is working as intended; and,

8.6.2. that no significant level of imprudent costs is apparent.

8.7. This review may be entirely a part of surveillance activity. Aquila steam customers in the L&P service area will be given timely notice of the results of the step one review. In consideration of Step one results, the Staff may proceed with a full prudence review, if deemed necessary. Such full prudence review shall be conducted no more often than once every 12 months and shall concern the prior 12 month period or calendar year only, provided however that the full prudence review addressing the first partial year, if pursued, will be included with a full prudence review of the first full calendar year of operation of this rate mechanism.

8.8. Any Aquila steam customer or group of steam customers in the L&P service area may make application to initiate a complaint for the purpose of pursuing a prudence review by use of the existing complaint process. The application for the complaint and the complaint proceeding will not be prejudiced by the absence of a step two prudence review by Staff.

8.9. Pursuant to any prudence review of fuel costs, whether by the Staff or Aquila steam customer(s), there will be no rate adjustment unless the resulting prudence adjustment amount exceeds 10 percent of the total of the fuel costs incurred in an annual review period.

8.10. The fuel rate adjustment mechanism will be set forth in a rate schedule of general applicability.

9. Aquila will continue to allocate the cost of Lake Road operations between steam and electric in the Aquila Networks -- L&P division, and between steam and Aquila, Inc. and any other entities, in accordance with recent practice and as set forth in the steam cost allocation manual and as provided in stipulated agreements in Commission Case Nos. ER-2004-0034 combined with HR-

2004-0024 and incorporating the agreements from Case No. EO-94-36. The allocation method(s) will continue until another approach is presented and approved or agreed among parties in a general rate proceeding.

10. An application for a steam general rate proceeding will not be filed prior to January 1, 2007, unless the reliability study required by Paragraph 6 above or the system resource study required by Paragraph 7 above results in actions, improvements, changes in operating procedures, or projects placed in service before September 1, 2007, which would increase annual steam system revenue requirements by 10% or more.

11. Surveillance:

Quarterly Requirements:

11.1. Monthly reports labeled "Management Report - Steam (Attachment S-1);

11.2. Monthly reports labeled "Plant Statistics" (Attachment S-2);

11.3. Relevant pages from IEC reports including the monthly fuel report concerning Lake Road production statistics (Attachment S-3).

Steam Service Agreement.

12. The Aquila/AGP Steam Service Agreement dated April 22, 2004 will be amended for the purpose of extending the term of

the contract and all provisions including the pricing provisions, to April 21, 2010. The Aquila/AGP letter agreement dated March 22, 2004 will continue in effect. Aquila agrees that for future ratemaking determinations, AGP will be treated as if it were paying the full tariff rate.

Agreements Not Prejudicial.

13. Agreements in this proceeding will not prejudice any party or be determinative of a particular cost allocation approach that could be adopted by the Commission in a proceeding affecting Aquila's electric or steam rates. The absence of an imprudence finding in the context of the steam fuel rate mechanism will not prejudice any party or be determinative in an Aquila electric rate proceeding.

14. None of the signatories to this Nonunanimous Stipulation and Agreement shall be deemed to have approved or acquiesced by their agreement to the fuel adjustment mechanism in this case that the Commission should adopt the same, or a similar, fuel adjustment mechanism by a rulemaking, including, but not limited to, rules the Commission may promulgate under Section 386.266 RSMo Supp 2005 (Senate Bill 179).

GENERAL PROVISIONS

Admission of Party Testimony.

15. The Signatory Parties agree that, in the event the Commission approves this Nonunanimous Stipulation and Agreement without modification or condition, then the prefiled testimony of all witnesses in this proceeding may be included in the record of this proceeding, without the necessity of such witnesses taking the stand.

Contingent Waiver of Rights.

16. This Nonunanimous Stipulation and Agreement is being entered into solely for the purpose of settling all issues in this case as among the Signatory Parties. None of the signatories to this Nonunanimous Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue related methodology, and none shall be prejudiced or bound in any manner by the terms of this Nonunanimous Stipulation and Agreement in this or any other proceeding, whether this Nonunanimous Stipulation and Agreement is approved or not, except as otherwise expressly specified herein.

17. This Nonunanimous Stipulation and Agreement has resulted from extensive negotiations among Aquila and AGP, and the terms hereof are interdependent. In the event the Commission

does not unconditionally approve this Nonunanimous Stipulation and Agreement, then this Nonunanimous Stipulation and Agreement shall be void and no Signatory Party shall be bound by any of the agreements or provisions hereof, except as otherwise provided herein.

18. If the Commission does not unconditionally approve this Nonunanimous Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void therein, neither this Nonunanimous Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatory Parties shall retain all procedural and due process rights as fully as though this Nonunanimous Stipulation and Agreement had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Nonunanimous Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

19. In the event the Commission accepts the specific terms of this Nonunanimous Stipulation and Agreement, the Signa-

tory Parties waive their respective rights to call and to cross-examine witnesses pursuant to § 536.070(2); present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §386.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a Commission Order respecting this Nonunanimous Stipulation and Agreement issued in this proceeding, and does not apply to any matters raised in any other Commission proceeding, or any matters not explicitly addressed by this Nonunanimous Stipulation and Agreement.

Staff Right to Disclose.

20. The Staff shall file suggestions or a memorandum in support of this Nonunanimous Stipulation and Agreement. Each of the parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum which shall also be served on all parties. The contents of any suggestions or memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Nonunanimous Stipulation and Agreement,

whether or not the Commission approves and adopts this Nonunanimous Stipulation and Agreement.

21. At any Commission agenda meeting at which this Nonunanimous Stipulation and Agreement is noticed to be considered by the Commission, the Staff shall have the right to provide, whatever oral explanation the Commission requests, provided that the Commission and Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation, if provided at a meeting where the advanced notice was less than 5 days, shall be disclosed to all the parties, and to the extent it refers to matters that are either privileged as a result of participation in settlement discussions, or are protected from disclosure pursuant to any protective order issued in this case the disclosure shall have appropriate protections. If the Staff is not a signatory or non-opposing party, Staff shall have only those rights that are afforded to any other party in a proceeding before the Commission.

Integration.

22. This Nonunanimous Stipulation and Agreement incorporates the agreements of the Signatory Parties on all issues that the Signatory Parties presented to the Commission as issues to be decided in Case No. HR-2005-0450.

WHEREFORE, for the foregoing reasons, the Signatory Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Nonunanimous Stipulation and Agreement.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent by electronic mail on this 17th day of February, 2006, to the Parties of record as shown by the Commission's records.

TABLE OF CONTENTS
STEAM

Type of Service	Schedule	Sheet No.
TABLE OF CONTENTS	---	1

DESCRIPTION OF AUTHORIZED SERVICE TERRITORY

Company provides steam service for heating and processing in the vicinity of Lake Road generating station in the City of St. Joseph, Missouri.

RATES:

Type of Service	Schedule	Sheet No.
Steam Service	MO981	2
Standby or Supplementary Steam Service	---	3
Contract Steam Service	MO982	5
Ag Processing Special Contract	---	6
Quarterly Cost Adjustment Rider	QCA	6.1

RULES AND REGULATIONS

1. Customer Defined 7
2. Service 7
3. Security 7
4. Meter Installation 7
5. Meter Relocation 7
6. Access for Company's Employees 8
7. Right-of-way 8
8. Continuity of Service 8
9. Non-Payment 8
10. Interference 8
11. Disconnection of Service 8
12. Indemnity to Company 9
13. Resale of Steam 9
14. Meter Failure 9
15. Billing of License, Occupation, Franchise or Other Similar Charges or Taxes 10
16. Late Payment Charge 10
17. Line Extensions 10
18. Special Facilities 11

STEAM SERVICE
STEAM

AVAILABILITY

Available for firm service from the Company's facilities to customers located in the vicinity of Lake Road Generating Station who shall contract to use this service for continuous periods of not less than two (2) years.

BASE RATE, MO981 Net two parts

1. Reserved Capacity Charge:
   For all BTU of Reserved Capacity, per month, per million BTU................ $404.30

Plus

2. Energy Charge per million BTU:
   For the first 300 million BTU's per million BTU's of reserved capacity.......... $5.8768
   For all over 300 million BTU's per million BTU's of reserved capacity.......... $4.7762

QUARTERLY COST ADJUSTMENT

The Energy Charge is subject to the Quarterly Cost Adjustment Rider.

LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES

See Company Rules and Regulations

LATE PAYMENT CHARGE

See Company Rules and Regulations

DETERMINATION OF RESERVED CAPACITY

The Reserved Capacity shall be the actual demand for the billing period but not less than eighty-percent (80%) of the highest actual demand established in the previous eleven (11) months, and in no case less than three (3) million BTU's per hour.

SPECIAL RULES

The pressure, temperature and heat content of all service under this schedule shall be only as specified by the Company.

Service will be furnished under, and this schedule shall be subject to Company Rules and Regulations.

STANDBY OR SUPPLEMENTARY SERVICE
STEAM

AVAILABILITY

Available for steam service to any customer who shall contract for a minimum monthly Reserved Capacity of three (3) mmBtu for a period of sixty (60) consecutive months, where the customer desires service as standby or supplementary to service provided by the customer's own facilities.

BASE RATE

Demand Charge per mmBtu

For each million Btu's of Reserved Capacity per month $751.71

Fixed Energy Charge per mmBtu

For each million Btu's per month $1.4974

Energy Fuel Charge per mmBtu

The energy fuel charge shall be determined based on the incremental cost of fuel for the period of actual energy usage.

Rental Charge per month

The Company and customer shall enter into a steam equipment rental contract and the customer shall agree to pay to the Company, in addition to his bill for service, a monthly rental charge therefor equal to one and three-fourths percent of the Company's total investment in all steam equipment solely dedicated to providing steam service to the customer.

QUARTERLY COST ADJUSTMENT

The Energy Charge is subject to the Quarterly Cost Adjustment Rider.

MINIMUM

The minimum monthly bill shall be the Demand Charge plus the Rental Charge.

LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES

See Company Rules and Regulations

LATE PAYMENT CHARGE

See Company Rules and Regulations

DETERMINATION OF RESERVED CAPACITY

The customer shall subscribe to a prespecified demand level that shall be used in the calculation of the demand charge. In no case shall the specified reserved capacity be less than three (3) million BTUs per hour. The Company agrees to deliver, upon a minimum of six (6) hours notification, a demand level equal to, or less than, the subscribed demand level. If the customer requests and the Company delivers a demand greater than the subscribed level, the new actual demand delivered shall be used to calculate the monthly demand charge in the subsequent twenty-four (24) month period. At the end of the twenty-four (24) month period, if no higher demand has been delivered, the customer may again subscribe to a lower demand level. Delivery of a demand level that is higher than the subscribed level is subject to the Company's approval and the system conditions at the time of request. The Company does not assure delivery above the subscribed level.

CONTRACT SERVICE
STEAM

AVAILABILITY, MO982

Company may, in those instances in which it faces competition from an alternate supplier of industrial steam service or the possibility of self-generation of industrial steam by a customer, enter into a special rate contract(s) with the customer on such terms and conditions as may be agreed upon by Company and the customer which, in Company 's sole discretion, are deemed necessary to continue to maintain services to an existing customer, to reestablish service to a previous customer or to acquire new customers.

All such contracts shall be furnished to the Commission Staff and to the Office of the Public Counsel and shall be subject to the Commission's jurisdiction.

Unless otherwise specified or modified in the contract between the customer and Company, such service shall be subject to all other applicable Company rules, regulations, tariffs and General Terms and Conditions of Service applicable to industrial steam service on file with and approved by the Commission and as the same may be changed lawfully from time to time. The rates provided by any such contract shall not, however, exceed the tariffed rate which would otherwise be applicable nor be less than $4.8943 per mmBtu. Any such contract shall not bind the Commission for ratemaking purposes.

QUARTERLY COST ADJUSTMENT

The Energy Charge of any contract under this tariff is subject to the Quarterly Cost Adjustment Rider.

AG PROCESSING SPECIAL CONTRACT
STEAM

AVAILABILITY

In Case No. ER-2004-0034, the lead case consolidated with Case No. HR-2004-0024, the Missouri Public Service Commission approved a special contract with Ag Processing, Inc., which is on file with the Commission as Appendix C to the Unanimous Stipulation And Agreement approved to become effective on the original effective date of this schedule. In Case No. HR-2005-0450, the Missouri Public Service Commission amended the special contract with Ag Processing, Inc., as shown in the stipulation and agreement approved to become effective on the effective date of the first revised version of this schedule.

QUARTERLY COST ADJUSTMENT RIDER
STEAM

AVAILABILITY

This Quarterly Cost Adjustment (QCA) Rider applies to all sales of steam service provided under all steam rate schedules and contracts.

The Company will file rate adjustments quarterly to reflect eighty percent (80%) of the change in the actual fuel costs above or below a base amount of $3.0050 per million BTU. The sum of the Current Quarterly Cost Adjustment (CQCA), plus the three (3) preceding CQCAs, plus reconciling adjustments, if any, plus the Reconciliation Rate will be billed in addition to all other charges under applicable tariff provisions.

CALCULATIONS

Current Quarterly Cost Adjustment (CQCA):
The CQCA is the rate adjustment component designed to reflect the customer share of the variation in fuel cost for the most recent quarter. In the computation of the CQCA the numerator is the portion of fuel costs to be collected or refunded based on costs incurred for the previous quarter. The denominator is the number of annual billing units used to compute the rate component.

CQCA = Customer Share of Fuel Cost Variation for the Preceding Quarter divided by Annual Billing Determinants

Or, $CQCA = \dfrac{[AM \times (FCPM_{pq} - FCPM_{b})] \times BD_{pq}}{BD_{p12} + BDA_{f12}}$

Or, using spreadsheet software math conventions, except substituting variables for cell references:
$CQCA =$ $((AM * (FCPM_{pq} - FCPM_{b})) * BD_{pq})$ /
IF (OR ($BD_{pq} > BD_{pq-4}$ * 1.05, $BD_{pq} < BD_{pq-4}$ * .95), $BD_{p12} + BDA_{f12}$, BD_{p12})

Where:
- CQCA= Current Quarterly Cost Adjustment
- AM= Alignment Mechanism = 80%
- $FCPM_{pq}$= Fuel Cost per million BTU for the preceding quarter
- $FCPM_{b}$= Base Fuel Cost per million BTU = $3.0050
- BD_{pq}= Billing Determinants (million BTU delivered to retail customers) for the preceding quarter
- BD_{pq-4} = Billing Determinants for the corresponding quarter one (1) year prior to the preceding quarter
- BD_{p12}= Billing Determinants for the preceding year
- BDA_{f12}= Billing Determinants Adjustment for the following year; provided, however, that this term shall be zero (0) unless BD_{pq} varies by more than five percent (5%) up or down from BD_{pq-4} and Company determines that an adjustment is appropriate.

Note: Billing determinants shall reflect usage corresponding to the period of fuel cost computations, regardless of the "billing" or "revenue month" in which such usage is billed.

Reconciling Adjustments and the Reconciliation Rate:

At the end of the twelve (12) months of collection of each CQCA, the over- or under-collection of the intended revenues (the numerator of the CQCA) will be applied to customers' bills thru a Reconciliation Rate. The Company shall use a collection/refund/credit amortization period of twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA, except that the amount shall not be multiplied by the Alignment Mechanism again. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.

DETAILS

1. The cost of fuel will be the amounts expensed in account 501. The amounts expensed will continue to be based on the cost definitions currently used for the inclusion of costs in these accounts and on the currently used cost allocation methods, as explained in some additional detail: the cost of gas will include the cost of physical gas deliveries and financial instruments associated with gas delivered in the quarterly period. The cost of coal expenses to account 501 will continue to reflect the average cost of coal inventory and the cost allocation method(s) including but not limited to the following:

The fuel allocation is performed on a daily basis as is done in actual operations at the Lake Road Generating Station. Fuel is expense allocated based on the following equations:

$$F_S = [\, S / (E + S)\,]$$
$$F_E = F - F_S$$

Where,

F is total 900-PSI boiler fuel
F_S is 900-PSI boiler fuel allocated to industrial steam sales
F_E is 900-PSI boiler fuel allocated to the electric turbines
S is industrial steam sales steam mmBtu from boilers
E is 900-PSI electric turbine steam mmBtu from boilers

The remaining fuel not allocated to the industrial steam sales system in the first equation is allocated to the electric system as shown in the second equation. Because the variable "F" shown above includes fuel burned for Lake Road plant auxiliary steam, fuel consumed for that purpose is properly allocated between the electric and industrial steam sales systems.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

2. There shall be defined minimum amounts of coal generation. The BTUs from coal, for the purposes of the Quarterly Cost Adjustment mechanism shall be the actual BTUs for the computation period, provided however, that in any period of computation for a rate adjustment, the BTU attributed to coal shall not be less than 495,695 million for the most recent three (3) months, shall not be less than 1, 052,814 million for the most recent six (6) months, shall not be less than 1,617,803 million for the most recent nine (9) months, and shall not be less than 2,184,104 million for the most recent twelve (12) months. If coal generation falls below any defined minimum amount, additional coal generation will be imputed for the computation period up to the defined minimum that produces the largest adjustment and the amount of gas fired generation for the computation period will be reduced for the purposes of the Quarterly Cost Adjustment by a like amount. The cost attributed to any coal BTU imputed as a result of this coal performance standard shall be either the cost used for BTU burned during the period that is the basis for the adjustment (the 3, 6, 9, or 12 month standard) or the cost from the most recent quarter in which coal was burned, whichever is less. The gas cost associated with any reduction in gas BTU occasioned by any coal imputation will be the average gas cost per BTU for the time period that is used to price any imputed coal usage. Aquila agrees that it will not seek an accounting authority order for fuel costs incurred, but not recovered, due to operation of this minimum coal provision.

3. Aquila will make quarterly rate filings with the Commission to adjust the Quarterly Cost Adjustment Rider. Each quarterly rate adjustment will include the fuel costs from the preceding quarter. The Current Quarterly Cost Adjustment factors will be calculated by dividing the fuel costs by the preceding twelve (12) month billing determinants; provided, however, that in the event that steam BTU billing units in a computation period increase or decrease by more than five percent (5%) compared to the corresponding period one year earlier Company may make an adjustment to the historic billing determinants for use in the denominator of the Current Quarterly Cost Adjustment rate computation. Each Quarterly Cost Adjustment will remain in effect for twelve (12) months.

4. There are provisions for prudence reviews and the true-up of revenues collected with costs intended for collection. The reconciliation account shall track, adjust and return true-up amounts and any prudence amounts not otherwise refunded. Fuel costs collected in rates will be refundable based on true-up results and findings in regard to prudence. Adjustments, if any, necessary by Commission order pursuant to any prudence review shall also be placed in the reconciliation account for collection unless a separate refund is ordered by the Commission. A reconciliation rate shall be established at a level designed to bring the reconciliation account to zero over a period of not less than twelve (12) months, provided that an amortization period of twenty-four (24) months may be used, if needed in the Company's discretion, to minimize any extraordinary increases in energy charges. Other fuel cost refunds, or credits related to the operation of this rider may also flow through this reconciliation process, as ordered by the Commission. The Reconciliation Rate shall be calculated similarly to the CQCA, except that the amount shall not be multiplied by the Alignment Mechanism again. Any remaining over- or under-collection from the Reconciliation Rate shall be applied to the next Reconciliation Rate.

5. The quarterly rate adjustments will not include carrying costs related to the timing of fuel cost recovery.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

6. In consideration of the sharing provision of this Rider, and the intent to rely on an alignment of customer and Company interests in efficient operations, a two (2) step approach to the review of prudence review will be followed. In Step One, Commission Staff will review to ascertain:

6.1. that the concept of aligning of Company and customer interests is working as intended; and,

6.2. that no significant level of imprudent costs is apparent.

7. This review may be entirely a part of surveillance activity. Customers will be given timely notice of the results of the Step One review no later than 75 days after the end of each year. In consideration of Step One results, the Staff may proceed with Step Two, a full prudence review, if deemed necessary. A full prudence review, if pursued, shall be complete no later than 225 days after the end of each year. Such full prudence review shall be conducted no more often than once every twelve (12) months and shall concern the prior twelve (12) month period or calendar year only, provided however that the full prudence review addressing the first partial year, if pursued, will be included with a full prudence review of the first full calendar year of operation of this rate mechanism.

8. Any customer or group of customers may make application to initiate a complaint for the purpose of pursuing a prudence review by use of the existing complaint process. The application for the complaint and the complaint proceeding will not be prejudiced by the absence of a full (Step Two) prudence review by Staff.

9. Pursuant to any prudence review of fuel costs, whether by the Staff process or the complaint process, there will be no rate adjustment unless the resulting prudence adjustment amount exceeds 10% of the total of the fuel costs incurred in an annual review period.

QUARTERLY COST ADJUSTMENT RIDER (Continued)
STEAM

RATE:

Current Quarterly Cost Adjustment Table:

Period	First Effective Date	Last Effective Date	CQCA (by Quarter)
2006 Q2			

Reconciliation Table:

Period	First Effective Date	Months	Last Effective Date	Monthly_Recon (by Quarter)
2006 Q2				

Quarterly Cost Adjustment Table:

Period	First Effective Date	Last Effective Date	Monthly QCA
2006 Q2			

Credits are shown in parentheses, e.g. ($.05).

AQUILA NETWORKS - L&P STEAM
CASE NO. HR-2005-0436
ADJUSTMENTS TO STEAM SALES AND REVENUE
(CALENDAR YEAR 2004, UPDATED THROUGH JUNE 30, 2005)

	Sales (MMBTU)			Revenue		
	MO810 (1)	MO812 (2)	Total	MO810 (1)	MO812 (2)	Total
TY Steam Sales & Revenues	234,509	1,514,510	1,749,019	$1,104,072	$5,864,216	$6,968,288
Annualization for Billing Corrections	6,114	-	6,114	$25,088	$0	$25,088
Annualization for Unbilled	81	2,055	2,136	$18,008	$57,990	$75,997
One Steam Account Becomes Inactive	(12,889)	-	(12,889)	($71,643)	$0	($71,643)
Annualization for Rate Change		-	-	$64,117	$342,084	$406,202
Leap Day Adjustment	(768)	(4,542)	(5,310)	($3,246)	($19,790)	($23,036)
Special Contract Discounts		-	-		$290,500	$290,500
Anualization for Conjunctive Billing		-	-		$53,048	$53,048
Annualization for Load Changes	870,546	-	870,546	$4,282,042	$0	$4,282,042
Total	1,097,593	1,512,023	2,609,616	$5,418,436	$6,588,049	$12,006,485

(1) MO810 refers to steam accounts billed on the standard steam rate schedule.
(2) MO812 refers to steam accounts billed on a special steam contract.

Exhibit No.:
Issues: Lake Road Generating Station, Production Modeling System, And Natural Gas Pricing
Witness: Timothy M. Nelson
Sponsoring Party: Aquila Networks-L&P
Case No.: HR-

Before the Public Service Commission
of the State of Missouri

Direct Testimony

of

Timothy M. Nelson

APPENDIX C

TMN 3: 3-Month Average 2006 NYMEX Strip, Oct 1 to Dec 31, 2004

I. Lake Road Generating Station Operating Description

Q. Please describe the Lake Road generating facilities.

A. The plant is located in south St. Joseph, Missouri, on the east bank of the Missouri River. The plant consists of four steam turbine-generators, three combustion turbines, and six steam boilers. The plant's generating units have a net electric generating capability of 253.8 MW. In addition to generating electricity, the plant also supplies steam in the form of continuous process steam for sale to industrial steam customers. The steam sales are provided at a nominal pressure of 150-PSI. Steam sales are also provided to one customers at a nominal pressure of 850-PSI. When I refer to PSI, as in 150-PSI, I mean pressure measured in pounds per square inch. I will also use the term "pound" as in 900-pound system, which means the 900-PSI system.

Q. Please explain the Lake Road 900-PSI system.

A. The 900 PSI system, which is used to provide steam for the 900-PSI turbine-generators and L&P's industrial steam sales, operates at a nominal steam pressure of 900 PSI and is fed by four 900-PSI boilers (Boilers 1, 2, 4 & 5) and one 200-PSI boiler (Boiler 3). Boilers 1, 2, 3 and 4 burn natural gas as their primary fuel. With the exception of Boiler 3, these boilers use #2 fuel oil as a back-up fuel. Much of the 900-PSI system energy is produced by Boiler 5, which burns coal for its primary fuel, and natural gas for its back-up fuel. Therefore, in the 900-PSI system there are multiple boilers providing steam to a common header system

APPENDIX C

which in turn can drive three turbine-generators (1, 2, and 3) and also supply steam for industrial steam sales.

Q. Which fuels and production systems are dedicated to providing services to the steam customers?

A. There is no dedicated fuel source and there are no dedicated production systems for these customers. The configuration of this plant has common facilities used for both electric and steam production. Schedule TMN 1 entitled "Lake Road Generating Station – Fuel and Steam Flow Diagram", is attached. By inspection of this diagram it is evident that the 900-PSI system is common to multiple fuel inputs and produces steam for multiple turbines as well as the steam customers. The 200-PSI system also operates via multiple sources and has no dedicated production equipment.

II. Production Modeling System

Q. What method is used to allocate Lake Road's operating costs between the electric and steam customers.

A. Aquila uses production costing modeling software to simulate the electric system and steam customer loads. Schedule TMN 2 entitled "Steam Production Model for Lake Road" is a diagram that describes the process flow for the calculation method.

Q. What is a production costing model?

A. Aquila uses the production costing model, RealTime®, to perform an hour-by-hour chronological simulation of the Company's electric system, where the generators are "dispatched" to meet the hourly system electric load, to determine the energy costs and fuel consumption.

Q. What is meant by "hour-by-hour chronological simulation"?

A. RealTime® solves each hour's demand chronologically before moving onto the next hour. Using this methodology, RealTime® can more accurately simulate real world operating conditions and constraints.

Q. How are the fuel expenses associated with the operation of the 900-PSI and 200-PSI systems allocated between the L&P division's electric and industrial steam operations?

A. Aquila allocates fuel expense between its L&P division's electric operations and industrial steam operations using the allocation methodology approved by the Commission in its Case No. EO-94-36.

Q. Please describe the steam/electric fuel and purchase power expense model used by Aquila.

A. Aquila created two models in RealTime®, one for electric and one for steam, and two Microsoft Excel® spreadsheets to determine the annualized fuel and purchase power expense costs for the electric system. The RealTime® "electric" model is used first to dispatch the electric system to meet the system load

After the electric model has been run the 900-PSI electric turbines hourly MW load is exported to a text file. This text file is then imported into the "Unit 123 to Steam" spreadsheet where the steam input necessary for each of the three generators is calculated using the respective unit heat rate curves. In this spreadsheet, the total steam required for the turbines is calculated and then exported to a comma separated value (csv) file. The csv file is imported into the RealTime® steam model as another steam load for the steam system.

In the RealTime® steam model the electric turbine steam input from above is combined with the hourly steam sales loads too produce 900-PSI boiler hourly steam load input to the model. Boilers 1, 2, 3, and 4 are modeled as burning natural gas and Boiler 5 burns coal. The RealTime® steam model is then run using these steam loads to determine the total fuel burn and fuel cost for the Lake Road 900-PSI boilers.

After running the RealTime® steam model the fuel allocation is performed on a daily basis in the "Steam electric model" spreadsheet. To perform the allocation several inputs are required. From the steam model: 1) daily fuel quantity burned, by fuel type, 2) daily fuel cost by fuel type, and, 3) industrial steam sales mmBtu. From the electric model: 1) daily MW generated by the 900-PSI electric turbines, and, 2) the 900-PSI electric turbines steam mmBtu from the "Unit to Steam" spreadsheet.

The fuel allocation is performed on a daily basis as is done in actual operations at the Lake Road Generating Station. Fuel is expense allocated based on the following equations:

$$F_S = [S / (E + S)] \times F$$

$$F_E = F - F_S$$

Where,

F is total 900-PSI boiler fuel

APPENDIX C

F_S is 900-PSI boiler fuel allocated to industrial steam sales

F_E is 900-PSI boiler fuel allocated to the electric turbines

S is industrial steam sales steam mmBtu from boilers

E is 900-PSI electric turbine steam mmBtu from boilers

The remaining fuel not allocated to the industrial steam sales system in the first equation is allocated to the electric system as shown in the second equation. Because the variable "F" shown above includes fuel burned for Lake Road plant auxiliary steam, fuel consumed for that purpose is properly allocated between the electric and industrial steam sales systems.

Q. Has the significant increase in steam load caused fuel costs charged to steam to change?

A. Yes.

Q. Why?

A. The steam capacity from Boiler 5 that burns coal for it fuel source has reached its maximum output. Boilers 1, 2, 3 and 4, which use gas as the primary fuel, have to be used to supply any additional steam load. Steam from Boilers 1, 2, 3 and 4 cost per mmBtu is significantly higher than Boiler 5 causing the cost of service to increase.

III. Natural Gas Pricing

Q. What does Aquila propose as the price of natural gas?

A. Attached is Schedule TMN 3. This is the average of NYMEX futures prices for the 2006 time frame. Aquila proposes to use this average of actual market transactions as the estimate for market prices.

Confidential and Priviledged Settlement Document
Confidential Draft January 12, 2006

Aquila Steam
Coal System Performance Standard

	Test Period Fuel Million BTU per Aquila Direct Case			
Month	Coal	Coal - Quarterly Totals	Coal - Sorted Quarterly Totals	Coal - Cumulative Performance Standards
J	202,635			
F	195,170			
M	159,314	557,119	495,695	**495,695**
A	177,341			
M	198,924			
J	188,724	564,989	557,119	**1,052,814**
J	187,991			
A	187,887			
S	190,423	566,301	564,989	**1,617,803**
O	110,912			
N	188,695			
D	196,088	495,695	566,301	**2,184,104**

Coal Performance Standard:

The btus from coal, for the purposes of the rate adjustment mechanism shall be the actual btus for the computation period, provided however, that in any period of computation for a rate adjustment, the BTU attributed to coal shall not be less than 495,695 million for the most recent 3 months, shall not be less than 1, 052,814 million for the most recent six months, shall not be less than 1,617,803 million for the most recent nine months, and shall not be less than 2,184,104 million for the most recent 12 months.

Cost of Imputed Coal fired production

The Cost attributed to any coal BTU imputed as a result of the coal performance standard shall be either the cost used for BTU burned during the period that is the basis for the adjustment (the 3, 6, 9, or 12 month standard) or the cost from the most recent quarter in which coal was burned, whichever is less.

Aquila Networks - L&P
Management Report - Steam
Comparing Current Period to HR-2005-0450
As of Month_Year

Line No.	Description	HR-2005-0450	12 Months Ended As of Month_Year	12 Months Ended As of Month_Year	Prior Month Variance	12 Months Ended As of Month_Year Adjusted
1	Rate Base					
2	Rate of Return					
3	Net Operating Income Required					
4	Net Operating Income Available					
5	Net Operating Income Needed					
6	Revenue Requirement Effect					
7	Expected Disallowances					
8	Final Revenue Requirement					
9	Operating Revenues					
10	Electric					
14	Total Revenues					
15	**Operating/Maintenance Expenses:**					
16	Steam Power Generation - Fuel					
17	Other Power Generation - Fuel					
18	**Total Fuel Used for Generation**					
19	Purchased Power (Energy)					
20	**Total Fuel and Purchased Power**					
21	**Net Margin**					
22	Capacity Charge (Demand)					
23	**Net Margin After Capacity**					
27	Steam Power Generation					
28	Other Power Generation					
29	Other Power Supply Expenses					
30	Transmission Expenses					
31	Distribution Expenses					
32	**Total Operating Expenses**					
36	Steam Power Generation					
37	Other Power Generation					
38	Transmission Expenses					
39	Distribution Expenses					
40	A&G General Plant Maintenance					
41	**Total Maintenance Expenses**					
42	Customer Accounting					
43	Customer Service					
44	Sales					
45	A&G Operating					
46	Depreciation & Amortization					
47	**Taxes:**					
48	General Taxes					
49	Current Income Taxes					
50	Deferred Income Taxes					
51	Investment Tax Credit					
	Total Income Taxes					
52	Total O&M, A&G and Taxes Expense					
53	Earnings Before Interest & Taxes (EBIT)					
54	Net Operating Income					
55	Carrying Costs - AAO					
56	Adjusted NOI					
57	Return on Rate Base					
58	Return on Equity-Divisional Target					
59	Return on Equity-Divisional Actual					
60	Return on Equity-Corporate					

Attachment S-1

SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year

	CURRENT MONTH MWH			Fuel Cost per MWH		
NET GENERATION	This Year	Last Year	Variance	This Year	Last Year	Variance
Lake Road #1,2,3						
Lake Road #4/6						
Lake Road #5,6,7						
Iatan						
Total Generation						

	CURRENT MONTH MWH			Energy Charge per MWH*		
PURCHASED POWER	This Year	Last Year	Variance	This Year	Last Year	Variance
Ameren						
Associated Electric						
Kansas City Power & Light						
Mid-American Energy Co.						
Nebraska Public Power District						
Otter Tail Power Co.						
The Energy Authority						
Intercompany Purchases						
WPE/Gray County						
Omaha Public Power District						
Others						
Total Purchased Power						

TOTAL OUTPUT			
Less: Company Use			
TOTAL DELIVERED TO SYSTEM			

*Excludes Demand

SJD MWH Sales (net of co. use)			
SJG Book 1 Sales			
SJG Book 2 Sales			
TOTAL MWH SALES			

% of MWH Unaccounted For

Peak Load (KW)
Date of Peak

SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year

	YEAR-TO-DATE MWH			Fuel Cost per MWH		
NET GENERATION	This Year	Last Year	Variance	This Year	Last Year	Variance
Lake Road #1,2,3						
Lake Road #4/6						
Lake Road #5,6,7						
Iatan						
Total Generation						

	YEAR-TO-DATE MWH			Energy Charge per MWH*		
PURCHASED POWER	This Year	Last Year	Variance	This Year	Last Year	Variance
Ameren						
Associated Electric						
Kansas City Power & Light						
Mid-American Energy Co.						
Nebraska Public Power District						
Otter Tail Power Co.						
The Energy Authority						
Intercompany Purchases						
WPE/Gray County						
Omaha Public Power District						
Others						
Total Purchased Power						

*Excludes Demand

TOTAL OUTPUT			
Less: Company Use			
TOTAL DELIVERED TO SYSTEM			

SJD MWH Sales (net of co. use)			
SJG Book 1 Sales			
SJG Book 2 Sales			
TOTAL MWH SALES			

% of MWH Unaccounted For

Peak Load (KW)
Date of Peak

Attachment S-2

SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year

Generation Expense:
Dollars in 000's

	CURRENT MONTH			YEAR-TO-DATE		
	This Year	Last Year	Variance	This Year	Last Year	Variance
Lake Road #1,2,3						
Fuel						
Operations						
Maintenance						
Steam Processor						
Fuel						
Operations						
Maintenance						
Lake Road #4/6						
Fuel						
Operations						
Maintenance						
Lake Road #5,6,7						
Fuel						
Operations						
Maintenance						
Iatan						
Fuel						
Operations						
Maintenance						
TOTAL GENERATION EXPENSE						
Fuel						
Operations						
Maintenance						
PURCHASED POWER EXPENSE						
Purchased Power						
Capacity Demand Charge						
Transmission						
TOTAL PURCH. POWER EXPENSE						
TOTAL POWER SUPPLY COSTS						

SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year

	CURRENT MONTH MWH			Fuel Cost per MWH		
NET GENERATION	This Year	Budget	Variance	This Year	Budget	Variance
Lake Road #1,2,3						
Lake Road #4/6						
Lake Road #5,6,7						
Iatan						
Total Generation						

	CURRENT MONTH MWH			Energy Charge per MWH*		
PURCHASED POWER	This Year	Budget	Variance	This Year	Budget	Variance
Ameren						
Associated Electric						
Kansas City Power & Light						
Mid-American Energy Co.						
Nebraska Public Power District						
Otter Tail Power Co.						
The Energy Authority						
Intercompany Purchases						
WPE/Gray County						
Omaha Public Power District						
Others						
Total Purchased Power						

*Excludes Demand

TOTAL OUTPUT			
Less: Company Use			
TOTAL DELIVERED TO SYSTEM			
SJD MWH Sales (net of co. use)			
SJG Book 1 Sales			
SJG Book 2 Sales			
TOTAL MWH SALES			

% of MWH Unaccounted For

Peak Load (KW)
Date of Peak

Attachment S-2

SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year

	YEAR-TO-DATE MWH			Fuel Cost per MWH		
NET GENERATION	This Year	Budget	Variance	This Year	Budget	Variance
Lake Road #1,2,3						
Lake Road #4/6						
Lake Road #5,6,7						
Iatan						
Total Generation						

	YEAR-TO-DATE MWH			Energy Charge per MWH*		
PURCHASED POWER	This Year	Budget	Variance	This Year	Budget	Variance
Ameren						
Associated Electric						
Kansas City Power & Light						
Mid-American Energy Co.						
Nebraska Public Power District						
Otter Tail Power Co.						
The Energy Authority						
Intercompany Purchases						
WPE/Gray County						
Omaha Public Power District						
Others						
Total Purchased Power						

*Excludes Demand

TOTAL OUTPUT			
Less: Company Use			
TOTAL DELIVERED TO SYSTEM			
SJD MWH Sales (net of co. use)			
SJG Book 1 Sales			
SJG Book 2 Sales			
TOTAL MWH SALES			

% of MWH Unaccounted For

Peak Load (KW)
Date of Peak

Attachment S-2

SJLP MISSOURI OPERATIONS
PRODUCTION STATISTICS
As of Month_Year

Generation Expense: Dollars in 000's	CURRENT MONTH			YEAR-TO-DATE		
	This Year	Budget	Variance	This Year	Budget	Variance
Lake Road #1,2,3						
Fuel						
Operations						
Maintenance						
Steam Processor						
Fuel						
Operations						
Maintenance						
Lake Road #4/6						
Fuel						
Operations						
Maintenance						
Lake Road #5,6,7						
Fuel						
Operations						
Maintenance						
Iatan						
Fuel						
Operations						
Maintenance						
TOTAL GENERATION EXPENSE						
Fuel						
Operations						
Maintenance						
PURCHASED POWER EXPENSE						
Purchased Power						
Capacity Demand Charge						
Transmission						
TOTAL PURCH. POWER EXPENSE						
TOTAL POWER SUPPLY COSTS						

SJLP MISSOURI OPERATIONS
PLANT STATISTICS
As of Month_Year

	Current Month					
	Lake Rd. #1,2,3	Steam Process Boiler	Lake Rd. #4/6	Lake Rd. #5,6,7	Total Lake Rd.	Iatan
Maintenance Expenses:						
Labor Related						
Loadings						
Materials						
Office Expense						
Outside Services						
Other						
Total Maintenance Expense						
Maint. Cost per Net MWH Gen.						
Total Maint. Cost per Net MWH Gen.						
Operating Expenses:						
Labor Related						
Loadings						
Materials						
Office Expense						
Outside Services						
Other						
Total Operating Expense						
Optg. Cost per Net MWH Gen.						
Total Optg. Cost per Net MWH Gen.						
Production Expenses:						
Total Production Expense						
Prod. Exp. per Net MWH Gen.						
Total Prod. Exp. per Net MWH Gen.						
Impact of Capital Investment on Earnings						
Plant Value (12 Mo. Avg Bal)						
Less: Depr. Cost (12 Mo. Avg Bal)						
Net Book Value (12 Mo. Avg Bal)						
Carrying Cost (Approx 10% APR)						
Capital Cost						
Capital Cost per Net MWH Gen.						
Total Capital Cost per Net MWH Gen.						
Statistics:						
MWH Generated						
MWH Station						
MWH Net Generation						
Tons/Coal						
Gal/Oil						
MCF Gas Used						
Cost per Ton Coal						
Cost per Gal. Oil						
Cost per MCF Gas						
Fuel Cost - Coal						
Fuel Cost - Oil						
Fuel Cost - Gas						
Emissions						
MMBTU of Fuel Used						
Fuel Cost per MMBTU						
Fuel Cost per Net MWH Gen.						
Fuel HHV (btu/lb,cf, mbtu/gal)						
Net Heat Rate (Btu/Kwh)						

SJLP MISSOURI OPERATIONS
PLANT STATISTICS
As of Month_Year

	Year to Date					
	Lake Rd. #1,2,3	**Steam Processor**	**Lake Rd. #4/6**	**Lake Rd. #5,6,7**	**Total Lake Rd.**	**Iatan**
Maintenance Expenses:						
Labor Related						
Loadings						
Materials						
Office Expense						
Outside Services						
Other						
Total Maintenance Expense						
Maint. Cost per Net MWH Gen.						
Total Maint. Cost per Net MWH Gen.						
Operating Expenses:						
Labor Related						
Loadings						
Materials						
Office Expense						
Outside Services						
Other						
Total Operating Expense						
Optg. Cost per Net MWH Gen.						
Total Optg. Cost per Net MWH Gen.						
Production Expenses:						
Total Production Expense						
Prod. Exp. per Net MWH Gen.						
Total Prod. Exp. per Net MWH Gen.						
Impact of Capital Investment on Earnings						
Plant Value (12 Mo. Avg Bal)						
Less: Depr. Cost (12 Mo. Avg Bal)						
Net Book Value (12 Mo. Avg Bal)						
Carrying Cost (Approx 10% APR)						
Capital Cost						
Capital Cost per Net MWH Gen.						
Total Capital Cost per Net MWH Gen.						
Statistics:						
MWH Generated						
MWH Station						
MWH Net Generation						
Tons/Coal						
Gal/Oil						
MCF Gas Used						
Cost per Ton Coal						
Cost per Gal. Oil						
Cost per MCF Gas						
Fuel Cost - Coal						
Fuel Cost - Oil						
Fuel Cost - Gas						
Emissions						
MMBTU of Fuel Used						
Fuel Cost per MMBTU						
Fuel Cost per Net MWH Gen.						
Fuel HHV (btu/lb,cf, mbtu/gal)						
Net Heat Rate (Btu/Kwh)						

CALCULATION OF FUEL COSTS FOR STEAM CUSTOMERS
SJG
As of Month Year

PER DOE REPORT
Gas MCF's Used
Tons Coal Used

PER MARGIN QUERY

	Lake Road Coal Costs	Gas Costs
Units		

Avg. Unit Costs
MCF's Used
Steam costs for gas — input

	High BTU	Tons	Low BTU	Tons	Total Coal Costs	Allocation
Coal Burn					$ -	actual charges
Freight Expense					$ -	25/75
Undistrib Coal					$ -	50/50
Fly Ash					$ -	
GPS Inventory Adj					$ -	
					$ -	
					$ -	

	Total Tons	% Alloc
High BTU	-	
Low BTU	-	
	-	

	Steam costs High BTU	Steam costs Low BTU		Tons Used	
Unit Costs					
				-	
			input	$ -	Steam costs for coal

Attachment S-3