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| Exhibit No.: | |
| Issue: | Reliability, Storm Reserve |
| Witness: | Bruce Akin |
| Type of Exhibit: | Rebuttal Testimony |
| Sponsoring Party: | Evergy Missouri Metro and Evergy Missouri West |
| Case No.: | ER-2022-0129 / 0130 |
| Date Testimony Prepared: | July 13, 2022 |

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NOS.: ER-2022-0129 / 0130**

# REBUTTAL TESTIMONY

**OF**

**BRUCE AKIN**

**ON BEHALF OF**

**EVERGY MISSOURI METRO and EVERGY MISSOURI WEST**

**Kansas City, Missouri**
**July 2022**

**REBUTTAL TESTIMONY**

**OF**

**BRUCE AKIN**

**Case No. ER-2022-0129 / 0130**

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

A: My name is Bruce Akin. My business address is 818 S. Kansas Avenue, Topeka, Kansas.

**Q: Are you the same Bruce Akin who submitted direct testimony in these dockets on January 7, 2022?**

A: Yes.

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

A: I am testifying on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") (collectively, the "Company").

**Q: What is the purpose of your Rebuttal Testimony?**

A: The purpose of my testimony is to respond to the Direct Testimony of OPC witness Angela Schaben and MECG witness Greg Meyer regarding the proposal to utilize storm reserves for both Evergy Missouri Metro and Evergy Missouri West. Staff witness Karen Lyons stated in her Direct Testimony that Staff did not recommend a storm reserve but would address the Company's proposal in rebuttal testimony.

**Q: What is the rationale for the storm reserves requested in these cases?**

A: A storm reserve is a systematic method to collect revenues from customers to be set aside to pay for extraordinary storm Operating & Maintenance ("O&M") expenses. The Company has proposed in this rate case to establish this type of operating reserve with funds that have already been collected in other liability or reserve accounts and to maintain it at a normal operating level that would already be included in base rates if the storm reserve was not established. The establishment of an operating reserve for storm costs would provide funds to be used specifically for unpredictable yet expected events in the service territories of Evergy Missouri Metro and Evergy Missouri West. The adequacy of the reserve is reviewed at each rate proceeding as more fully described by Company witness Ronald Klote.

**Q: OPC's Angela Schaben claims in her Direct Testimony on pages 17-18 that there is no customer benefit to establishing storm reserves. Do you agree with this opinion?**

A: No, I do not. The storm reserve benefits customers by smoothing out major storm expenses year over year to be recovered in rates over time. This equalizing of storm expenses will create less rate volatility from rate case to rate case. The unpredictable nature of storms and the amount of destruction they cause create volatility in expenses, and a storm reserve will help flatten the effect of these events in customer rates. The storm reserve also eliminates the possibility of the Company over-collecting for storm costs if the actual costs of storm damage are lower than what has been established in rates. As described more fully by

Company witness Klote, this will be done through evaluation in each general rate case of available storm reserves remaining as compared to expected requirements in determining annual amounts to be included in rates to maintain adequate reserves.

**Q: MECG's Greg Meyer states in his Direct Testimony at pages 28-29 that rate stability is not a valid argument to establish storm reserves because storms have not been significant. Do you agree with this opinion?**

A: No, I do not agree. While Table 8 included in Mr. Meyer's testimony is generally correct, it is misleading regarding the January 12, 2019 winter storm which had a $10.6 million impact on Evergy Missouri Metro and a $558,000 impact on Evergy Missouri West. This one event accounted for roughly one-third (1/3) of the entire storm costs for both Missouri jurisdictions since 2011.

**Q: Does Mr. Meyer discuss the February 2021 winter weather event known as Winter Storm Uri?**

A: No, he does not. Winter Storm Uri was the fourth cold weather event in the last ten years, causing "the largest controlled firm load shed event in U.S. history" during which "[a]t least 210 people died."[1] This Commission noted: "Much of the Midwest, including Missouri, experienced unseasonably cold temperatures in February 2021," including "rolling electrical blackouts." Staff reported that the storm was described as an "85 year event," with its "extended period" of "extreme

[1] See FERC/NERC Report, "The February 2021 Cold Weather Outages in Texas and the South Central United States" at 9 (Nov. 2021).

cold temperatures," which caused Southwest Power Pool to declare EEA (Energy Emergency Alert) levels 2 and 3 for "the first time in SPP history."[2]

**Q: In your opinion are weather events like the January 12, 2019 and the February 2021winter storms more or less likely to occur in the future.**

A: All indications are that these types of events are more likely to occur in future years. The increase in severity and frequency of storm events is an industry wide issue that all electric utilities are grappling with. At Evergy we have already witnessed an increased level of storms since 2011.

**Q: Are there studies that have confirmed the increase in the number of severe weather events in the United States?**

A: Yes, the Fourth National Climate Assessment was published by the U.S. Global Change Research Program ("GCRP") in November 2018 pursuant to the Global Change Research Act that Congress passed in 1990. This Act requires the GCRP to deliver a report to Congress and the President no less than every four years that "analyzes the effects of global change on the natural environment, agriculture, energy production and use" and other areas of national interest.[3] The GCRP is mandated to coordinate federal research to understand the forces shaping the global environment, both human and natural, and their impacts on society.

[2] See Staff Report at 1-3, In re Cause of the February 2021 Cold Weather Event, No. AO-2021-0264 (Apr. 30, 2021).
[3] See *Fourth Nat'l Climate Assessment, Vol II, Impacts, Risks, and Adaptation in the U.S.* at 1.

**Q: What were the findings of the 2018 Fourth National Climate Assessment?**

A: The Assessment confirmed that weather patterns are becoming more severe and that this trend will increase. In the chapter relating to energy issues, the Assessment found: "Increasingly, climate change and extreme weather events are affecting the energy system, threatening more frequent and longer lasting power outages and fuel shortages."[4]

**Q: What types of weather changes are anticipated in the future according to the assessment?**

A: The main risks to the Company's service territory and the T&D system involve increased severe rainstorms along with extreme ice and snowstorms. As the Assessment stated at page 176: "Increases in the severity and frequency of extreme precipitation are projected to affect inland energy infrastructure in every region." It concluded at page 195 that despite responses from the industry to these increased risks, "there is *very high confidence* that the pace, scale, and scope of combined public and private efforts to improve preparedness and resilience of the energy sector are likely to be insufficient, given the nature of the challenge presented by a changing climate and energy sector [original emphasis]."

**Q: Are there other reports on the increase in severe weather?**

A: Yes, there are a variety of news articles and studies related to the changing landscape of severe weather. A report issued in 2021 by the United Nations' weather agency, the World Meteorological Organization (WMO), documented the increase of severe storms. The WMO Atlas of Mortality and Economic Losses

[4] See Chapter 4, Energy Supply, Delivery and Demand, Executive Summary at 176, Fourth Nat'l Climate Assessment.

from Weather, Climate and Water Extremes (1970-2019) [WMO Report] stated at page 16 that the "number of natural disasters has increased by a factor of five over the 50 years" since 1970. Whereas 711 disasters were recorded for 1970-79, there were 3,536 disasters recorded in 2000-2009 – in other words, an increase of almost 500%.

Regarding economic loss, the Report stated the reported losses in the United States averaged $383 million per day from 2010-19, which was "seven times the amount reported from 1970-79 (US $49 million) …." It concluded: "Storms were the most prevalent cause of damage, resulting in the largest economic losses around the globe. It is the sole hazard for which the attributed portion is continually increasing."[5]

**Q: What other resources are available to research the increased rates of severe weather?**

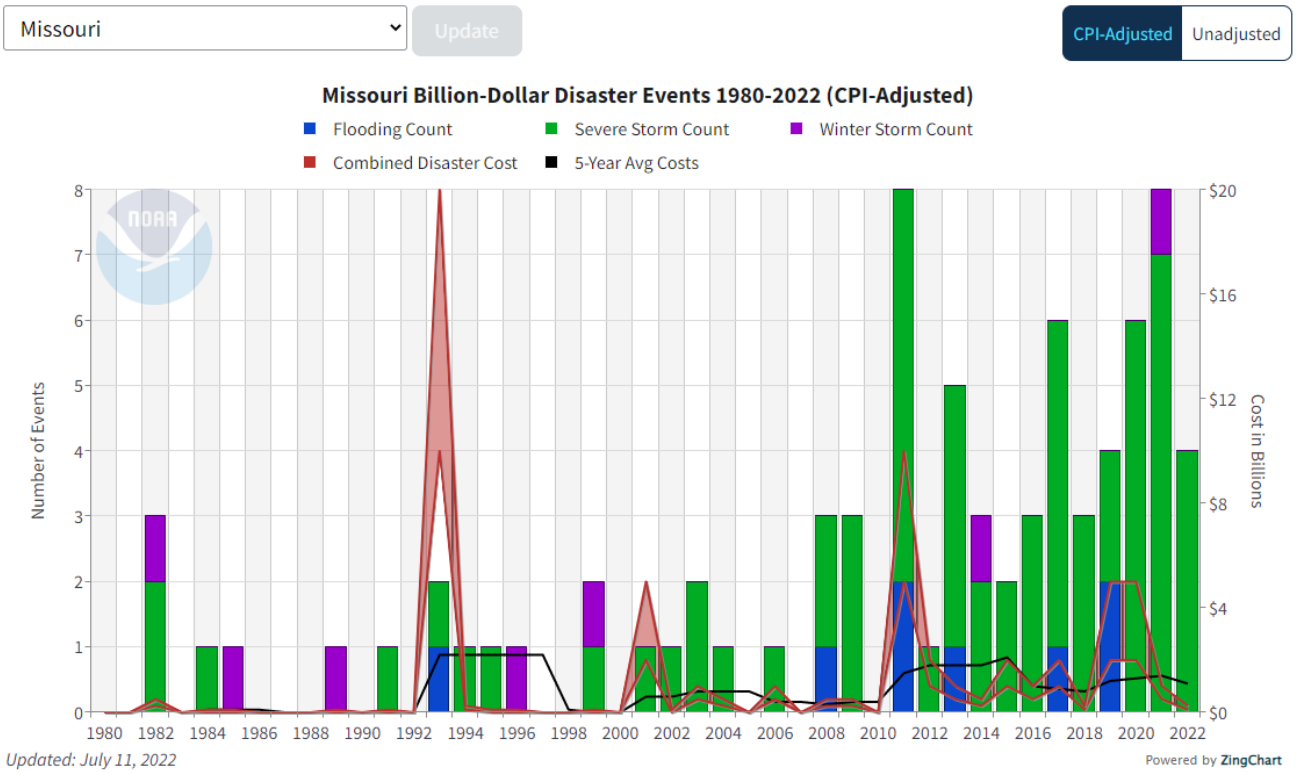
A: The National Oceanic and Atmospheric Administration (NOAA) publishes data on severe storm occurrences to their website. The data is updated quarterly and can be filtered by state, region, and weather event type.

**Q: What does the data tell us about the frequency of severe weather in Missouri?**

A: The frequency of severe weather in Missouri has dramatically increased in the past 40 years. For the period from 1980 to 2005 Missouri experienced on average less than one major flooding, severe storm, or winter storm event per year. Since that time the average number of such events is approaching 4 per year with 2021 experiencing the highest number of severe storms and 2020 the second highest

[5] See WMO Report at 16.

amounts. There is clearly a trend that weather in Missouri is growing more severe.




**Q: Given the increasing severity and frequency of storms in the central United States and the specific experiences of the Evergy utilities, is there anything raised by the OPC and MECG witnesses that should cause the Commission to reject your request to establish a storm reserve for Evergy Missouri Metro and Evergy Missouri West?**

A: No. The OPC and MECG testimony provide no good reason not to establish a storm reserve, especially at this critical time of increasingly volatile weather and resulting damage. As I stated in my Direct Testimony, my experience operating with a storm reserve at Westar Energy, according to rates set by the Kansas Corporation Commission ("KCC"), worked well to avoid abrupt increases and

decreases in rates caused by unanticipated changes in expenses caused by storm damage. The requested storm reserve in these proceedings is modeled after the Evergy Kansas Central storm reserve which has been overseen by the KCC for many years.

More to the point, given the clear evidence in the past ten to fifteen years where all parts of the United States have experienced unpredictable weather events during all four seasons, establishing a storm reserve for Evergy Missouri Metro and Evergy Missouri West is a reasonable and prudent response to these developments. Storm reserves will allow the Company to manage the results of volatile weather under a system that will be transparent to the Commission and all interested parties, and subject to periodic review and adjustment as may be required.

**Q: Does that conclude your 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 BRUCE AKIN**

**STATE OF MISSOURI )**
**) ss**
**COUNTY OF JACKSON )**

Bruce Akin, being first duly sworn on his oath, states:

1. My name is Bruce Akin. I work in Topeka, Kansas, and I am employed by Evergy Kansas Central, Inc. as Vice President, Transmission and Distribution.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of eight (8) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Bruce Akin

Subscribed and sworn before me this 13th day of July 2022.

Notary Public

My commission expires: 4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952