

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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

NON-UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), and the Office of the Public Counsel (“OPC”) (collectively, “Signatories”) by and through their respective counsel, and for their *Non-Unanimous Stipulation and Agreement* (“Stipulation”), respectfully state as follows to the Missouri Public Service Commission (“Commission”):

AGREEMENTS

1. On March 11, 2022, Evergy Missouri West filed a *Petition for a Financing Order*, requesting authorization for Evergy Missouri West to finance all Qualified Extraordinary Costs that it incurred as a result of the North American storm of mid-February 2021 known as Winter Storm Uri (“Storm Uri”).
2. As a result of negotiations, the Signatories agree to the following:
3. **Qualified Extraordinary Costs** – Evergy Missouri West agrees, with no admission of imprudence, to resolve Staff’s adjustments to the requested amount of Qualified Extraordinary Costs that it is seeking approval for securitization by agreeing to an estimated total of Qualified Extraordinary Costs of \$306.1 million, as detailed in Table 1 below. Except as otherwise specifically set forth herein, Evergy Missouri West will not seek recovery in any other case or docket of amounts reflected in Staff’s adjustments in this case.

Table 1

Evergy Missouri West - Winter Storm Uri Securitization Stipulation Values for Qualified Extraordinary Costs	
<u>Description</u>	<u>Amounts</u>
Fuel and Purchase Power Costs	278,511,691
Non-Fuel Operation & Maintenance	0
Carrying Costs	20,951,820 *
Upfront Financing Costs	6,639,931 **
Total Winter Storm Uri Securitization Costs	<u>306,103,442</u>

* Carrying costs through January 2023
** Estimated costs to be determined at time of financing

4. **Upfront Financing Costs** – The Signatories agree that the estimated upfront financing costs included in the Qualified Extraordinary Costs will reflect those identified by the Company in its Direct testimony in this case at \$6.6 million and will be finally adjusted through the Issuance Advice Letter (“IAL”) process and designated representative(s) review. Staff and its designated representatives and advisors will work collaboratively with the Company to establish and verify upfront financing costs

5. **Extraordinary Non-Fuel Operations and Maintenance (“NFOM”) costs** – The Company has removed its NFOM costs from the agreed upon Qualified Extraordinary Costs and will seek recovery of those costs in its general rate case as recommended by Staff.

6. **Carrying costs** – Staff and Evergy Missouri West agree that carrying costs calculated for inclusion in the Qualified Extraordinary Costs are determined by utilizing an average commercial paper rate of 0.20% for the first six months post February 2021 then the 5.06% long-term debt (“LTD”) rate recommended by Staff, for the period following the first six months post

February 2021 until the issuance of securitized bonds. The OPC, MEEG, and Velvet Tech Services, LLC (“Velvet Tech Services”) preserves their rights to advocate for the use of a different rate to determine carrying costs. Staff and Evergy Missouri West agree the carrying costs included in the \$306.1 million of Qualified Extraordinary Costs include carrying costs through January 2023 assuming a February 2023 bond issuance utilizing this methodology and total \$21.0 million over this period.

7. **Resolution of Disputed Issues** – The Signatories agree that the estimated total costs to be recovered through securitized bonds by the Company (including carrying costs, assuming bonds issued Feb. 2023) is \$ 306.1 million before resolution by the Commission of the OPC’s issues. The Signatories further agree that any amounts identified herein may change as a result of the Commission’s determination of the OPC’s issues. For avoidance of confusion, the \$306.1 million resolves Staff identified cost issues of 1) 95/5 on total Evergy Missouri West submitted fuel and purchased power costs, 2) Schedule Special Incremental Load (“SIL”) adjustment, and 3) excess revenues. The \$306.1 million also resolves the issue of carrying costs between Staff and Evergy Missouri West. The OPC’s issues, which remain open for Commission resolution, include: (a) adjustment to the proposed securitization amount to account for imprudent resource planning; (b) adjustment to the proposed securitization amount to account for the tax deduction Evergy Missouri West will receive; (c) adjustment to the proposed securitization amount to account for the tax deduction related to the carrying charges on the Storm Uri costs; and (d) adjustment to the proposed securitization amount to account for the use of a different rate than that proposed by Staff and the Company to calculate carrying costs. The Signatories agree that if the Commission orders any further disallowance of fuel and purchased power costs beyond the \$278,511,691 identified in Table 1, that disallowance of fuel and purchased power costs ordered

by the Commission will be reduced by 5% in recognition that this Stipulation resolves the 95/5 issue. Additionally, the Signatories agree that the issuance process will be accomplished through collaboration of the Staff's designated representative and advisors with the Company. The statutory imperative required by section 393.1700.2(3)(c) ("structuring and pricing of the securitized utility tariff bonds are reasonably expected to result in the lowest securitized utility tariff charges consistent with the market conditions at the time the securitized utility tariff bonds are priced and the terms of the financing order") will be achieved through an interactive process in which, while Evergy Missouri West has the final decision on placement of the bonds, Staff's designated representative(s) and advisor(s) will collaborate with and provide input to Evergy Missouri West in all facets of structuring, marketing and pricing the bonds.

8. **Discount rate to determine quantifiable NPV benefits to customers** – Staff and Evergy Missouri West agree to 8.9% as recommended by Evergy Missouri West. The OPC preserves its right to advocate for the use of a different rate to determine quantifiable NPV benefits to customers.

9. **Financing Order** – The Signatories agree to utilize the Company's filed Financing Order with updates and other adjustments necessary to comply with Statute 393.1700 RSMo. and incorporate this Stipulation and the resolution of contested cost recovery issues.

10. **Variance** – The Signatories agree that the Commission should grant a variance of the asymmetrical pricing provisions of the Affiliate Transactions Rule (20 CSR 4240-20.015) for transactions between Evergy Missouri West and the special purpose entity as well as any additional affiliate transaction rule variance deemed appropriate by the Commission.

11. **Tariff and billing issues and allocation to customer classes** – This issue remains open for Commission resolution. Midwest Energy Consumers Group ("MECG") and Velvet Tech

Services reserve their rights to argue that the Commission should allocate the securitized costs among the retail customer classes using the method proposed in the Direct testimony of Bradley Lutz. Subject to the commitment to collaborate on the development of agreed-upon tariff language as provided in paragraph 11.i. below, Signatories agree to accept the following as detailed in Staff witness Lange's rebuttal testimony.

- a. Accept Staff's loss-adjusted, energy-based allocation and related tariff provisions.
- b. Accept Staff's interpretation of billing for Net Metering customers and treatment of changes in certificated territory.
- c. Accept Staff's recommendation concerning partial payments during the Cold Weather Rule period but for purposes of the Stipulation, Signatories agree the Staff Cold Weather Rule treatment will be applied year round; for partial payments, the first dollars collected would be attributed to past due balances, if any.
- d. Accept Staff recommended approach to apply the securitized utility tariff charge ("SUTC") rate to customers served under the Clean Charge Network ("CCN"), Electric Vehicle ("EV"), and Special High Load Factor Market Rate Tariff ("MKT") schedules and any future rate schedules not exempted by statute.
- e. Accept Staff's recommendation to discuss and establish optimal dates and method for the specific application of the mechanism recommended in the Staff specimen tariff.

- f. Accept Staff's recommendation to include tariff provisions regarding use and treatment of accounts and subaccounts in the SUTC tariff sheets.
- g. Accept Staff's recommendation to include a true-up mechanism in the SUTC tariff sheets.
- h. Accept Staff's recommendation to include provisions describing the SUTC in the SUTC tariff sheets (as described on pp. 17-18 of Staff witness Lange's rebuttal testimony).
- i. The Signatories will collaborate to develop agreed-upon language for items 11.a. through h. to be submitted to the Commission by August 12, 2022 in a specimen tariff. If agreement cannot be reached on all of the items 11.a. through h. by August 12, 2022, the Signatories will, by August 17, 2022, present to the Commission for resolution their positions on the items within 11.a. through h. upon which agreement cannot be reached.

12. Signatories have been informed by MCEG and Velvet Tech Services that they do not oppose the Stipulation.

GENERAL PROVISIONS

13. This Stipulation is being entered into solely for the purpose of settling the issues/adjustments in this case explicitly set forth above. This Stipulation is intended to relate *only* to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

14. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same.

15. This Stipulation has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

16. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

17. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

18. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been

offered or received in support of this Stipulation 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 purpose whatsoever.

19. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues in this case explicitly set forth above and excluding those issues preserved by the OPC, MECG, and Velvet Tech Services, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §386.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby, which excludes those issues preserved by the OPC. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

20. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

21. This Stipulation does not constitute a contract with the Commission and does not impugn upon any Commission claim, right, or argument by virtue of the Stipulation's approval. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this Stipulation impugns or restricts in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

WHEREFORE, the Signatories respectfully request the Commission to issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Roger W. Steiner

Roger W. Steiner, MBN 39586
Evergy, Inc.
1200 Main Street, 16th Floor
Kansas City, MO 64105
Telephone:(816) 556-2314
Facsimile:(816) 556-2110
E-Mail:Roger.Steiner@evergy.com

James M. Fischer, MBN 27543
Fischer & Dority, P.C.
101 Madison, Suite 400
Jefferson City, MO 65101
Phone: (573) 636-6758
Fax: (573) 636-0383
jfischerpc@aol.com

Karl Zobrist, MBN 28325
Dentons US LLP
4520 Main Street, Suite 1100
Kansas City, MO 64111
Phone: (816) 460-2400
Fax: (816) 531-7545
karl.zobrist@dentons.com

**ATTORNEYS FOR
EVERGY MISSOURI WEST**

/s/ Jeff Keevil

Jeff Keevil
Deputy Counsel
P.O. Box 360
Jefferson City, MO 65102
(573) 526-4887 (Telephone)
(573) 751-9285 (Fax)
Jeff.Keevil@psc.mo.gov

**ATTORNEY FOR THE STAFF OF THE
MISSOURI PUBLIC SERVICE
COMMISSION**

/s/ Lindsay VanGerpen

Lindsay VanGerpen (#71213)
Missouri Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
Telephone: (573) 751-5565
Facsimile: (573) 751-5562
E-mail: Lindsay.VanGerpen@opc.mo.gov

**ATTORNEY FOR THE OFFICE OF THE
PUBLIC COUNSEL**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 1st day of August 2022.

/s/ Roger W. Steiner

Roger W. Steiner