

**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	)	Case No. ER-2022-0129
General Rate Increase for Electric	)	
Service	)	

In the Matter of Evergy Missouri	)	
West, Inc. d/b/a Evergy Missouri	)	
West's Request for Authority to	)	Case No. ER-2022-0130
Implement A General Rate Increase	)	
for Electric Service	)	

**THE MISSOURI OFFICE OF THE PUBLIC COUNSEL'S STATEMENT OF  
POSITION**

**COMES NOW** the Office of the Public Counsel ("OPC") and for its *Statement of Position*, states as follows:

1. The *Order Setting Procedural Schedule, Denying Consolidation, and Granting a Variance*, issued by the Commission on March 16, 2022, required, among other things, that:

Each party shall file a simple and concise statement summarizing its position on each disputed issue. Position statements shall track the list of issues. Any position statement shall set forth any order requested, cite any law authorizing that relief, and allege facts relevant under the law with citations to any pre-filed testimony in support.

2. Pursuant to the Commission's March 16<sup>th</sup> *Order*, the OPC now files this motion summarizing its position on each disputed issue.

3. The OPC's position on any given issue is subject to change in the event new, material information is discovered.

**I. Cost of Capital**

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

**Answer:** The return on common equity for both Evergy Metro and Evergy West should be set at 9%. (Direct Testimony of David Murray, pg. 2 ln. 3, ER-2022-0129, EFIS Item No. 101; Direct Testimony of David Murray, pg. 2 ln. 3, ER-2022-0130, EFIS Item No. 113). Should the Commission approve a return on common equity higher than 9%, then the return on common equity should, at the very least, be no higher than the 9.25% authorized return on common equity ordered by the Commission for The Empire District Electric Company in case ER-2019.0374. (Direct Testimony of David Murray, pg. 2 lns. 3 – 5, ER-2022-0129, EFIS Item No. 101; Direct Testimony of David Murray, pg. 2 lns. 3 – 5, ER-2022-0130, EFIS Item No. 113).

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

**Answer:** The passage of RSMO. section 393.400 reduces Evergy's exposure to risk relating to prudent or efficient property management and should therefore be considered when determining Evergy's approved return on common equity. (Surrebuttal Testimony of Angela Schaben, pg. 30 lns. 9 – 13, ER-2022-0129, EFIS Item No. 216; Surrebuttal Testimony of Angela Schaben, pg. 30 lns. 9 – 13, ER-2022-0130, EFIS Item No. 226).

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

**Answer:** The capital structure used for determining the rate of return for Evergy Metro should be 48% common equity and 52% long term debt. (Direct Testimony of David Murray, pg. 31 lns. 20 – 21, ER-2022-0129, EFIS Item No. 101). The capital structure used for determining the rate of return for Evergy West should be 48% common equity and 52% long term debt. (Direct Testimony of David Murray, pg. 31 lns. 20 – 21, ER-2022-0130, EFIS Item No. 116). However, this recommendation is contingent on addressing Evergy West's use of short-term debt to fund carrying costs incurred due to winter storm Uri as part of Evergy West's current securitization case (EF-2022-0155). *Id.* at pg. 39 lns. 9 – 11. If a short-term debt rate is not used to determine the carrying costs incurred by Evergy West during winter storm Uri in the securitization case, then the excess short-term debt on Evergy

West's books should instead be included when determining its authorized rate of return for this case. *Id.* at lns. 11 – 13. Therefore, if Evergy West is allowed to earn a return on the carrying costs to be recovered in its securitization case, then the Company's capital structure in this case should be modified to be 48% common equity, 43.46% long-term debt, and 8.54% short-term debt. *Id.* at lns. 14 – 16.

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

**Answer:** Evergy Metro and Evergy West's current embedded cost of long-term debt, which is coincidentally approximately 3.96% for both companies, should be used for determining rate of return for each company respectively. (Surrebuttal and True-Up Direct Testimony of David Murray, pg. 2 lns. 17 – 18, ER-2022-0129, EFIS Item No. 213; Surrebuttal and True-Up Direct Testimony of David Murray, pg. 2 lns. 17 – 18, ER-2022-0130, EFIS Item No. 223).

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

**Answer:** Short-term debt need not be included in Evergy Metro's capital structure. The question of short-term debt is relevant for Evergy West only because Evergy West incurred high levels of short-term debt to finance costs related to winter storm Uri. (Direct Testimony of David Murray, pg. 38 ln. 7 – pg. 39 ln. 7, ER-2022-0130, EFIS Item No. 116). If that short-term debt is properly recognized in Evergy West's current securitization case, then no short-term debt needs to be included in Evergy West's capital structure for this case. *Id.* at pg. 39 lns. 9 – 13. If, on the other hand, Evergy West is permitted to earn a return on its carrying costs in the securitization case that is greater than the short-term debt rate actually incurred, then the short-term debt used to finance winter storm Uri should be recognized in this case. *Id.*

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

**Answer:** The level of short term debt to be included in Evergy West's capital structure is 8.54%. (Direct Testimony of David Murray, pg. 39 lns. 14 – 16, ER-2022-0130, EFIS Item No. 116). The cost of the short-term debt should be set based on the cost of commercial paper consistent with Evergy's commercial paper rating of A2/P2. (Surrebuttal and True-Up Direct Testimony of David Murray, pg. 3 lns. 9 – 11, 20 – 22, ER-2022-0130, EFIS Item No. 223). This cost was 2.65% in early August 2022. *Id.*

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

**Answer:** For Evergy Metro, the answer is yes. (Rebuttal Testimony of David Murray, pg. 29 lns. 3 – 20, ER-2022-0129, EFIS Item No. 150). Evergy Metro is retaining its earnings rather than supporting the dividend paid to Evergy’s shareholders, which has resulted in only a minuscule percentage of its short-term debt (usually less than 2% of CWIP) contributing to its AFUDC capitalization rate. *Id.* This results in an over-inflation of Evergy Metro’s rate base. *Id.* In order to resolve this unfair use of long-term capital costs to capitalize CWIP, Evergy Metro’s rate base should be reduced by \$43 million. *Id.* No similar pattern of behavior currently exists for Evergy West, so no reduction of rate base is required.

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

**Answer:** Yes. (Rebuttal Testimony of David Murray, pg. 29 lns. 3 – 20, ER-2022-0129, EFIS Item No. 150; (Rebuttal Testimony of David Murray, pg. 29 lns. 3 – 20, ER-2022-0130, EFIS Item No. 160; Surrebuttal and True-Up Direct Testimony of David Murray, pg. 8 lns. 7 – 17, ER-2022-0129, EFIS Item No. 213; Surrebuttal and True-Up Direct Testimony of David Murray, pg. 8 lns. 7 – 17, ER-2022-0130, EFIS Item No. 223).

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

**Answer:** Yes, but only if Evergy West is allowed to recover financing costs for winter Strom Uri above the cost of short-term debt. (Surrebuttal and True-Up Direct Testimony of David Murray, pg. 4 ln. 11 – pg. 6 ln. 13, ER-2022-0129, EFIS Item No. 213).

## **II. Sibley AAO and Net Book Value**

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

**Answer:** No. (Direct Testimony of Geoff Marke, pg. 10 ln. 22, ER-2022-0130, EFIS Item No. 114). OPC witness Dr. Marke provides the following non-exhaustive list of reasons why this decision was imprudent:

- The Sibley retirement was accelerated twenty-two years from 2040 to 2018 resulting in hundreds of millions of dollars in remaining book-value;
- Sibley represented GMO’s largest, dispatchable baseload coal plant and was replaced with “take-or-pay” purchased power

- contracts where energy is required to be sold to the SPP market whether it is cost-effective to do so or not;
- GMO retired this large base-load supply-side capacity even though GMO is the only Missouri electric IOU:
    - To experience customer load growth;
    - expected to get new “economic” base load growth brought on by the addition of the NuCor steel smelter in Sedalia; and
    - short on capacity;
  - GMO’s largest wholly-owned power plant was replaced with a capacity contract with its affiliate Kansas City Power & Light Company (Evergy Metro);
  - This proved to be inadequate under the Winter Storm Uri of 2021 that resulted in over \$300 million in fuel related costs for Evergy West because they did not have enough reliable generation;
  - Integrated resource plan (IRP) modeling only considered the full retirement of Sibley, no seasonal operations were considered and no decommissioning costs were modeled;
  - IRP modeling only considered Sibley as a retirement option and did not consider the possible continued operation of Sibley. GMO’s modeling allowed for the continued operation of the Crossroads Energy Center even though Sibley was more profitable and more efficient. Furthermore, GMO’s modeling allowed for the continued operation of the Jeffrey Energy Center even though Sibley was more environmentally friendly;
  - Evergy West attempted to game the retirement of Sibley by timing it around settlement of its rate case but choosing not to disclose this information to stakeholders until after Sibley was in rates.
  - The 2017 IRP that selected the Sibley retirement is based on a modeling assumption that KCPL and GMO resources are one, not two utilities. This is also now (as of 2018) how SPP accounts for KCPL and GMO for its resource adequacy filings—as one entity; however, both KCPL and GMO rejected OPC’s request to merge the two Missouri Company’s as one for setting rates in the Company’s last rate case. Effectively, GMO rationalized the retirement of Sibley by relying on the excessive capacity currently existing at KCPL, which proved woefully inadequate, most recently, during Winter Storm Uri.

*Id.* at pg. 10 ln. 23 – pg. 12 ln. 5.

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

**Answer:** The Commission should disallow cost recovery on the remaining balance

associated with Sibley unit 3 and Common over retrofits and environmental upgrades that extended the useful life of the unit to 2040 and to further disallow a return on any portion of the remaining balance. (Direct Testimony of Geoff Marke, pg. 13 ln. 21 – pg. 14 ln. 2, ER-2022-0130, EFIS Item No. 114).

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

**Answer:** The appropriate value for the regulatory liability from case No. EC-2019-0200 is \$142 million. (Direct Testimony of Greg R. Meyer, pg. 11 lns. 8 – 10, ER-2022-0130, EFIS Item No. 89).

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

**Answer:** The current unrecovered value of Sibley is approximately \$254 million. (Direct Testimony of Greg R. Meyer, pg. 12 lns. 9 – 11, ER-2022-0130, EFIS Item No. 89).

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

**Answer:** Absent any disallowances, the reserve balances to be used for purposes of determining depreciation expense should be the current unrecovered value of Sibley, which is approximately \$254 million. (Direct Testimony of Greg R. Meyer, pg. 12 lns. 9 – 11, ER-2022-0130, EFIS Item No. 89).

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

**Answer:** The regulatory liability related to Sibley should be offset against the remaining unrecovered depreciation investment of Sibley, after taking the OPC's proposed disallowance, and the resulting balance should then be amortized over 5 years. (Direct Testimony of Geoff Marke, pg. 13 ln. 21 – pg. 14 ln. 2, ER-2022-0130, EFIS Item No. 114; Direct Testimony of Keith Majors, pg. 14 lns. 15 – 20. ER-2022-0130, EFIS Item No. 101).

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

**Answer:** The regulatory liability related to Sibley should be offset against the remaining unrecovered depreciation investment of Sibley, after taking the

OPC's proposed disallowance, and the resulting balance should then be amortized over 5 years. (Direct Testimony of Geoff Marke, pg. 13 ln. 21 – pg. 14 ln. 2, ER-2022-0130, EFIS Item No. 114; Direct Testimony of Keith Majors, pg. 14 lns. 15 – 20. ER-2022-0130, EFIS Item No. 101).

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

**Answer:** No. (Direct Testimony of Geoff Marke, pg. 13 ln. 21 – pg. 14 ln. 2, ER-2022-0130, EFIS Item No. 114).

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

**Answer:** Yes, because this is what was ordered by the Commission in case EC-2019-0200. (Direct Testimony of Keith Majors, pg. 12 lns. 14 – 22. ER-2022-0130, EFIS Item No. 101).

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

**Answer:** No. (Direct Testimony of Geoff Marke, pg. 13 ln. 21 – pg. 14 ln. 2, ER-2022-0130, EFIS Item No. 114).

### **III. Resource Planning**

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

**Answer:** Yes. Evergy West relies on the SPP market to meet its customers' energy needs thus exposing its customers to the risks of market price and volatility. (Rebuttal Testimony of Lena M. Mantle, pg. 3 ln. 18 – pg. 18 ln. 2, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 3 ln. 18 – pg. 18 ln. 2, ER-2022-0130, EFIS Item No. 162).

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

**Answer:** The prudent Evergy West fuel and purchased power cost should be calculated by applying an imprudence factor based on a weighted average costs of the fuel and purchased power of Evergy Metro and Evergy West to Evergy West's true-up normalized fuel and purchased power costs. (Rebuttal Testimony of Lena M. Mantle, pg. 18 ln. 3 – pg. 19 ln. 15, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 18 ln. 3 – pg. 19 ln. 15, ER-2022-0130, EFIS Item No. 162).

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

**Answer:** The prudent Evergy West fuel and purchased power cost calculated by applying the imprudence factor to the Staff normalized fuel and purchased power cost should be used as the fuel and purchased power cost in calculating the FAC base factor. (Rebuttal Testimony of Lena M. Mantle, pg. 18 ln. 3 – pg. 19 ln. 15, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 18 ln. 3 – pg. 19 ln. 15, ER-2022-0130, EFIS Item No. 162).

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

**Answer:** The prudent Evergy West accumulation period fuel and purchased power costs should be calculated by applying the imprudence factor to Evergy West's actual accumulation period fuel and purchased power cost. (Rebuttal Testimony of Lena M. Mantle, pg. 20 lns. 1 – 18, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 20 lns. 1 – 18, ER-2022-0130, EFIS Item No. 162).

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

#### IV. AMI

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

**Answer:** Yes. The Commission should disallow costs related to any second generation AMI meters and associated installation costs. (Direct Testimony of Geoff Marke, pg. 16 lns. 7 – 8, ER-2022-0129, EFIS Item No. 101; Direct Testimony of Geoff Marke, pg. 16 lns. 7 – 8, ER-2022-0130, EFIS Item No. 114).

The current AMI meters are not being replaced because they are at the end of their useful life but instead to increase rate base and make it easier for customer to be disconnected. Failure to call the Company out on this practice will set a dangerous precedent for all future investments moving forward. This would seemingly be a text-book example of an imprudent capital investment disallowance.



*Id.* at lns. 9 – 13.

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

**Answer:** Yes. “Evergy is targeting renters and customers with a history of arrearages with AMI Service Disconnection meter replacement as opposed to some seemingly more efficient strategy like bulk replacement by zip codes.” (Surrebuttal Testimony of Geoff Marke, pg. 39 ln. 23 – pg. 40 ln. 1, ER-2022-0129, EFIS Item No. 212; Surrebuttal Testimony of Geoff Marke, pg. 39 ln. 23 – pg. 40 ln. 1, Er-2022-0130, EFIS Item No. 222). This appears to be discriminatory behavior designed to get struggling customers disconnected quicker for non-payment. *Id.* at pg. 40 lns. 1 – 6.

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

**Answer:** It strongly appears that the answer is yes. (Surrebuttal Testimony of Geoff Marke, pg. 42 ln. 1 – pg. 43 ln. 11, ER-2022-0129, EFIS Item No. 212; Surrebuttal Testimony of Geoff Marke, pg. 42 ln. 1 – pg. 43 ln. 11, Er-2022-0130, EFIS Item No. 222).

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

**Answer:** The Commission should find the subsequent replacement of the first generation AMI meters imprudent simply on the basis of the statutory violation.

## V. Fuel Adjustment Clause (“FAC”)

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

**Answer:** SPP transmission costs should only be included in Evergy’s FAC if SPP transmission revenues are also included in Evergy’s FAC. (Surrebuttal Testimony of Lena M. Mantle, pg. 11 lns. 2 – 12, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 11 lns. 2 – 12, ER-2022-0130, EFIS Item No. 220).

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

**Answer:** The percentage should be calculated using as the sum of the MWh of energy purchased from firm purchased power contracts and non-PPA purchases to meet load divided by the normalized net system input MWh for Evergy West.

(Direct Testimony of Lena M. Mantle, pg. 7 lns. 11 – 16, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 7 lns. 11 – 16, ER-2022-0130, EFIS Item No. 115). The same percentage should be used for revenues and costs as it is currently in effect for Ameren Missouri. *Id.* at pg.8 lns. 18 – 21.

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

**Answer:** The OPC takes no position as to whether Evergy may resume hedging, but Evergy should not be permitted to include its costs, gains, and losses related to said hedging program in its FAC tariff sheets. (Direct Testimony of Lena M. Mantle, pg. 19 lns. 20 – 21, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 19 lns. 20 – 21, ER-2022-0130, EFIS Item No. 115; Direct Testimony of John S. Riley, pg. 2 ln. 22 – pg. 3 ln. 5, ER-2022-0129, EFIS Item No. 100; Direct Testimony of John S. Riley, pg. 2 ln. 22 – pg. 3 ln. 5, ER-2022-0130, EFIS Item No. 111).

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

**Answer:** No. (Direct Testimony of Lena M. Mantle, pg. 19 lns. 20 – 21, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 19 lns. 20 – 21, ER-2022-0130, EFIS Item No. 115; Direct Testimony of John S. Riley, pg. 2 ln. 22 – pg. 3 ln. 5, ER-2022-0129, EFIS Item No. 100; Direct Testimony of John S. Riley, pg. 2 ln. 22 – pg. 3 ln. 5, ER-2022-0130, EFIS Item No. 111).

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

**Answer:** Yes. (Direct Testimony of John S. Riley, pg. 5 lns. 6 – 10, ER-2022-0129, EFIS Item No. 100; Direct Testimony of John S. Riley, pg. 5 lns. 6 – 10, ER-2022-0130, EFIS Item No. 111).

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

**Answer:** Yes. (Rebuttal Testimony of Lena M. Mantle, pg. 21 lns. 2 - 18, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 21 lns. 2 - 18, ER-2022-0130, EFIS Item No. 162). Both Evergy Metro and Evergy West should be responsible for the net costs associated with PPAs entered

into after May 2019. *Id.*

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

**Answer:** Both Evergy Metro and Evergy West should be responsible for the net costs (*i.e.* margins) associated with PPAs entered into after May 2019. (Rebuttal Testimony of Lena M. Mantle, pg. 21 lns. 2 - 18, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 21 lns. 2 - 18, ER-2022-0130, EFIS Item No. 162).

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

**Answer:** The Commission should order costs of Evergy's current PPAs not to be passed to customers once the cumulative net cost of those PPAs exceeds 100,000 times its contracted capacity. (Rebuttal Testimony of Lena M. Mantle, pg. 21 ln. 17 – pg. 22 ln. 2, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 21 ln. 17 – pg. 22 ln. 2, ER-2022-0130, EFIS Item No. 162). If that point has already been reached then customers should not have to pay any additional losses for that PPA, but customers should still receive any positive margins through the FAC. *Id.* Once the benefits are greater than the accumulated losses that have already been recovered from customers, then shareholders and customers will split the losses and costs 50%/50%. *Id.*

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

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

**Answer:** The FAC base factor is the amount of net fuel and purchased power costs that is recovered in general rates divided by the normalized customer usage used as billing determinants in the rate case. (Direct Testimony of Lena M. Mantle, pg. 5 lns. 14 – 16, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 5 lns. 14 – 16, ER-2022-0130, EFIS Item No. 115). If a cost is included in Evergy's FAC, then the costs should be included in the calculation of the base factor at the amount that was included in the revenue requirement. If a revenue is included in Evergy's FAC, then the revenue should be included in the calculation of the base factor at the amount that was included in the revenue requirement. *See Id.* at lns. 17 – 27.

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

**Answer:** No. (Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0130, EFIS Item No. 220).

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

**Answer:** No. (Rebuttal Testimony of Lena M. Mantle, pg. 24 lns. 11 – 22, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 24 lns. 11 – 22, ER-2022-0130, EFIS Item No. 162). The costs of these PPAs are recovered from, and the revenues are provided to, the customers participating in Evergy’s Renewable Energy Rider (“RER”) Program. *Id.* Any energy cost and revenues from undersubscribed capacity is to be borne by shareholders. *Id.*

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

3. Should Southwest Power Pool (“SPP”) transmission revenues be included in Evergy’s FAC?

**Answer:** Yes. (Surrebuttal Testimony of Lena M. Mantle, pg. 11 lns. 22 – 25, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 11 lns. 22 – 25, ER-2022-0130, EFIS Item No. 220). “The Commission should order that revenues and costs from the SPP schedules for which costs are currently in Evergy’s FACs be treated consistently within Evergy’s FACs[;] . . . [e]ither both revenues and costs are included or neither revenue nor costs are included.” *Id.*

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

**Answer:** The Commission should order Evergy to adopt the same method as Ameren Missouri and include transmission costs and transmission revenues at the same percentage. (Direct Testimony of Lena M. Mantle, pg. 8 lns. 18 – 21, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 8 lns. 18 – 21, ER-2022-0130, EFIS Item No. 115).

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** Only two charge types should be added: Day-ahead Combined Interest Resource Adjustment amount and Real Time Combined Interest Resource Adjustment Amount. (Direct Testimony of Lena M. Mantle, pg. 9 lns. 1 - 8, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 9 lns. 1 - 8, ER-2022-0130, EFIS Item No. 115). Evergy West did not provide information required for the Commission to make determination on any other charge type, so no other charge types should be added to Evergy's FAC. (Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 9 – 16, pg. 25 ln. 12 – pg. 26 ln. 6, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 9 – 16, pg. 25 ln. 12 – pg. 26 ln. 6, ER-2022-0130, EFIS Item No. 220).

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

**Answer:** No. "It is not the account that a cost is recorded in that determines that it is a FAC cost or revenue." (Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 6 – 8, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 6 – 8, ER-2022-0130, EFIS Item No. 220). Instead, the Commission must make that decision. *Id.* The Commission has already pre previously rejected the inclusion of these types of costs. *Id.* at pg. 20 ln. 9 – pg. 21 ln. 3.

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

**Answer:** No. "It is not the account that a cost is recorded in that determines that it is a FAC cost or revenue." (Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 6 – 8, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 6 – 8, ER-2022-0130, EFIS Item No. 220). Instead, the Commission must make that decision. *Id.* Evergy did not provide any of the information necessary for the Commission to make a determination regarding whether or not charges recorded in this account should be included in the FAC. *Id.* at pg. 22 lns. 9 – 16.

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

**Answer:** No. “It is not the account that a cost is recorded in that determines that it is a FAC cost or revenue.” (Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 6 – 8, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 6 – 8, ER-2022-0130, EFIS Item No. 220). Instead, the Commission must make that decision. *Id.* Evergy did not provide any of the information necessary for the Commission to make a determination regarding whether or not charges recorded in this account should be included in the FAC. *Id.* at pg. 23 ln. 10 – pg. 24 ln. 29.

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

**Answer:** No. (Surrebuttal Testimony of Lena M. Mantle, pg. 24 lns. 3 – 8, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 24 lns. 3 – 8, ER-2022-0130, EFIS Item No. 220). It is unclear to the extent that this is referring to including these costs in the net base energy costs for the FAC or for recovery through Evergy’s base rates in general. To the extent that Evergy seeks recovery through the FAC, then Evergy did not provide any of the information necessary for the Commission to make such a determination regarding whether or not charges recorded in this account should be included in the FAC and did not incur any of these costs in the test year.

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

**Answer:** Only to the extent that Evergy is merely changing where REC revenues and costs are currently included in Evergy’s FACs is recorded. (Surrebuttal Testimony of Lena M. Mantle, pg. 25 lns. 1 – 4, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 25 lns. 1 – 4, ER-2022-0130, EFIS Item No. 220).

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

**Answer:** Yes. (Surrebuttal Testimony of Lena M. Mantle, pg. 25 lns. 5 - 11, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 25 lns. 5 - 11, ER-2022-0130, EFIS Item No. 220).

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** No. “It is not the account that a cost is recorded in that determines that it is a FAC cost or revenue.” (Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 6 – 8, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 13 lns. 6 – 8, ER-2022-0130, EFIS Item No. 220). Instead, the Commission must make that decision. *Id.* Evergy did not provide any of the information necessary for the Commission to make a determination regarding whether or not charges recorded in this account should be included in the FAC. *Id.* at pg. 26 lns. 7 – 12.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

16. Should language that explicitly prohibits recovery of retirement and/or

decommissioning costs related to the retirement of a generation plant be added to Evergy's FAC tariff sheets?

**Answer:** Yes. (Direct Testimony of Lena M. Mantle, pg. 12 lns. 1 - 11, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 12 lns. 1 - 11, ER-2022-0130, EFIS Item No. 115). Inclusion of language prohibiting retirement and decommissioning costs will provide clarity to Evergy's FAC. *Id.*

a) If yes, what language should be added?

**Answer:** The Commission should approve the language provided in Ms. Mantle's Rate Design Direct testimony Schedules LMM-D-3 and LMM-D-4. (Direct Testimony of Lena M. Mantle, Schedule LMM-D-3 & LMM-D-4, ER-2022-0129, EFIS Item No. 109; Direct Testimony of Lena M. Mantle, Schedule LMM-D-3 & LMM-D-4, ER-2022-0130, EFIS Item No. 115).

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

**Answer:** Yes. (Direct Testimony of Lena M. Mantle, pg. 11 lns. 1 - 25, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 11 lns. 1 - 25, ER-2022-0130, EFIS Item No. 115). This change would provide a tool for Evergy to recover extraordinary costs through its FAC while mitigating the impact on customers' bills. *Id.*

a) If yes, what language should be added?

**Answer:** The Commission should approve the language provided in Ms. Mantle's Rate Design Direct testimony Schedules LMM-D-3 and LMM-D-4. (Direct Testimony of Lena M. Mantle, Schedule LMM-D-3 & LMM-D-4, ER-2022-0129, EFIS Item No. 109; Direct Testimony of Lena M. Mantle, Schedule LMM-D-3 & LMM-D-4, ER-2022-0130, EFIS Item No. 115).

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

**Answer:** Yes. (Direct Testimony of Lena M. Mantle, pg. 12 lns. 21 - 28, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 12 lns. 21 - 28, ER-2022-0130, EFIS Item No. 115). Ameren Missouri has a research project that consumes a lot of energy that required an adjustment to the FAC. *Id.* Adding this language to Evergy's FAC would be a proactive measure to prevent a such problems in the future. *Id.*



a) If yes, what language should be added?

**Answer:** The Commission should approve the language provided in Ms. Mantle’s Rate Design Direct testimony Schedules LMM-D-3 and LMM-D-4. (Direct Testimony of Lena M. Mantle, Schedule LMM-D-3 & LMM-D-4, ER-2022-0129, EFIS Item No. 109; Direct Testimony of Lena M. Mantle, Schedule LMM-D-3 & LMM-D-4, ER-2022-0130, EFIS Item No. 115).

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

**Answer:** Yes. (Direct Testimony of Lena M. Mantle, pg. 14 ln. 1 – pg. 15 ln. 21, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 14 ln. 1 – pg. 15 ln. 21, ER-2022-0130, EFIS Item No. 115). Schedule MKT includes a provision excluding customers that take service under this schedule from being charged the FAC rate. *Id.* Changes need to be made to the FAC tariff sheets to implement this change. *Id.*

a) If yes, what language should be added?

**Answer:** The Commission should approve the language provided in Ms. Mantle’s Rate Design Direct testimony Schedules LMM-D-3 and LMM-D-4. (Direct Testimony of Lena M. Mantle, Schedule LMM-D-3 & LMM-D-4, ER-2022-0129, EFIS Item No. 109; Direct Testimony of Lena M. Mantle, Schedule LMM-D-3 & LMM-D-4, ER-2022-0130, EFIS Item No. 115).

20. Should language be added to Evergy Metro’s FAC tariff sheets to incorporate the interaction of Evergy’s FAC and future customers taking service under a rate schedule similar to the Evergy West’s MKT rate?

**Answer:** No. (Direct Testimony of Lena M. Mantle, pg. 17 lns. 19 – 21, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 17 lns. 19 – 21, ER-2022-0130, EFIS Item No. 115). “While there likely is interest by Google in the Evergy Metro area, at this time only Evergy West has requested this rate schedule so these changes should only be made to Evergy West’s FAC.” *Id.*

a) If yes, what language should be added?

**Answer:** no language should be added. (Direct Testimony of Lena M. Mantle, pg. 17 lns. 19 – 21, ER-2022-0129, EFIS Item No. 103; Direct Testimony of Lena M. Mantle, pg. 17 lns. 19 – 21, ER-2022-0130, EFIS Item No. 115).

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

**Answer:** Yes. (Direct Testimony of Lena M. Mantle, pg. 17 ln. 23 – pg. 19 ln. 13, ER-2022-0129, EFIS Item No. 109; Direct Testimony of Lena M. Mantle, pg. 17 ln. 23 – pg. 19 ln. 13, ER-2022-0130, EFIS Item No. 115).

- a) If yes, what language should be added?

**Answer:** Evergy’s FACs should only be modified to account for any impact of these programs on fuel and purchased power costs and revenues that are included in Evergy’s FACs. (Surrebuttal Testimony of Lena M. Mantle, pg. 19 ln. 1 – pg. 20 ln. 5, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 19 ln. 1 – pg. 20 ln. 5, ER-2022-0130, EFIS Item No. 220). Specifically, if a program is designed with the intent of not impacting the costs of non-participants, then all costs incurred for the program should be reviewed to makes sure that there are no costs unintentionally passed to non-participants through Evergy’s FACs. *Id.*

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

**Answer:** Yes. (Direct Testimony of Lena M. Mantle, pg. 17 ln. 23 – pg. 19 ln. 13, ER-2022-0129, EFIS Item No. 109; Direct Testimony of Lena M. Mantle, pg. 17 ln. 23 – pg. 19 ln. 13, ER-2022-0130, EFIS Item No. 115).

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

**Answer:** Evergy’s FACs should only be modified to account for any impact of these programs on fuel and purchased power costs and revenues that are included in Evergy’s FACs. (Surrebuttal Testimony of Lena M. Mantle, pg. 19 ln. 1 – pg. 20 ln. 5, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 19 ln. 1 – pg. 20 ln. 5, ER-2022-0130, EFIS Item No. 220). Specifically, if a program is designed with the intent of not impacting the costs of non-participants, then all costs incurred for the program should be reviewed to makes sure that there are no costs unintentionally passed to non-participants through Evergy’s FACs. *Id.*

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

**Answer:** No. (Surrebuttal Testimony of Lena M. Mantle, pg. 19 ln. 1 – pg. 20 ln. 5, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 19 ln. 1 – pg. 20 ln. 5, ER-2022-0130, EFIS Item No. 220). Evergy West has not demonstrated to the Commission how these revenues are fuel and purchased power, including transportation, revenues. *Id.*

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

**Answer:** The revenues should be recorded in a regulatory liability account that earns a return at the weighted average cost of capital. (Surrebuttal Testimony of Lena M. Mantle, pg. 19 ln. 1 – pg. 20 ln. 5, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 19 ln. 1 – pg. 20 ln. 5, ER-2022-0130, EFIS Item No. 220). This regulatory liability should, along with the interest, be returned to customers in the next general rate case. *Id.*

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

**Answer:** No. (Direct Testimony of Lena M. Mantle, pg. 3 lns 20 – 30, ER-2022-0129, EFIS Item No. 109; Direct Testimony of Lena M. Mantle, pg. 3 lns 20 – 30, ER-2022-0130, EFIS Item No. 123). It is not necessary to include this lengthy procedure in the FAC tariff sheets anymore since the Commission revised its FAC rule to include that procedure. *Id.*

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** Yes. (True-Up Direct Testimony of Lena M. Mantle, pg. 3 lns. 9 – 17, ER-2022-0129, EFIS Item No. 211; True-Up Direct Testimony of Lena M. Mantle, pg. 3 lns. 9 – 17, ER-2022-0130, EFIS Item No. 221). To be clear, it is not the OPC’s position that a deferral is appropriate in Case No. ER-2023-0011, just that if a deferral is to be made, it should be made to this case. *Id.*

- a) If yes, how would it be treated?

**Answer:** The costs should be put into a regulatory asset account that is amortized over 4 years with interest at Evergy West's 4-year bond rate. (True-Up Direct Testimony of Lena M. Mantle, pg. 3 lns. 9 – 17, ER-2022-0129, EFIS Item No. 211; True-Up Direct Testimony of Lena M. Mantle, pg. 3 lns. 9 – 17, ER-2022-0130, EFIS Item No. 221). These costs should still be reviewed for prudence in the FAC prudence review for this time period. *Id.*

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

**Answer:** The Commission should order Evergy West to provide the information listed in the Revenue Requirement Direct Testimony of Staff witness Amanda C. Conner. (Direct Testimony of Amanda C. Conner, pg. 14 ln. 11 – pg. 15 ln. 27, ER-2022-0129, EFIS Item No. 74; Direct Testimony of Amanda C. Conner, pg. 14 ln. 11 – pg. 15 ln. 27, ER-2022-0130, EFIS Item No. 86). In addition, the Commission should require Evergy West to continue to include in its FAC monthly submissions, for each of its wind PPAs, the MWh produced for the month, the energy cost, the curtailment cost, and the revenues produced. (Rebuttal Testimony of Lena M. Mantle, pg. 28 lns. 1 – 9, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 28 lns. 1 – 9, ER-2022-0130, EFIS Item No. 162).

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

**Answer:** The Commission require Evergy West to supply the OPC the same information that it is providing Staff and allow OPC access to the same information that it does Staff. (Rebuttal Testimony of Lena M. Mantle, pg. 28 lns. 1 – 9, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 28 lns. 1 – 9, ER-2022-0130, EFIS Item No. 162).

## **VI. Fuel and Purchased Power**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The costs and revenues associated with the CNPPID hydro PPA should not be included in the revenue requirement, calculation of the FAC base, and Evergy Metro’s actual FAC costs in future accumulation period. (Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0130, EFIS Item No. 220). Evergy Metro entered into this PPA to meet the renewable energy standards of Kansas. *Id.* The energy is not needed to meet Evergy Metro’s Missouri customers’ RES requirements and the capacity is not necessary to meet the SPP resource adequacy requirement; therefore, Evergy Metro’s Missouri customers should not have to pay for this PPA. *Id.*

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

**Answer:** No. (Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0130, EFIS Item No. 220).

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

**Answer:** No. (Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0130, EFIS Item No. 220).

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

**Answer:** No. (Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 6 ln. 5 – pg. 9 ln. 2, ER-2022-0130, EFIS Item No. 220).

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

**Answer:** Actual gas prices. (Surrebuttal / True-Up Direct Testimony of Matthew R. Young, pg. 10 lns. 12 – 18, ER-2022-0129, EFIS Item No. 206; Surrebuttal / True-Up Direct Testimony of Matthew R. Young, pg. 10 lns. 12 – 18, ER-2022-0130, EFIS Item No. 218).

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

**Answer:** The costs of these PPAs are recovered from, and the revenues are provided to, the customers participating in Evergy’s Renewable Energy Rider (“RER”) Program. (Rebuttal Testimony of Lena M. Mantle, pg. 24 lns. 11 – 22, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 24 lns. 11 – 22, ER-2022-0130, EFIS Item No. 162). “Therefore, neither the cost of nor the revenues from these two wind PPAs should be included in Staff’s normalized fuel and purchased power costs.” *Id.* “Any energy cost and revenues from undersubscribed capacity is to be borne by shareholders.” *Id.*

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

**Answer:** No. (Rebuttal Testimony of Lena M. Mantle, pg. 24 lns. 11 – 22, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 24 lns. 11 – 22, ER-2022-0130, EFIS Item No. 162).

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

**Answer:** They should not be. (Rebuttal Testimony of Lena M. Mantle, pg. 24 lns. 11 – 22, ER-2022-0129, EFIS Item No. 152; Rebuttal Testimony of Lena M. Mantle, pg. 24 lns. 11 – 22, ER-2022-0130, EFIS Item No. 162).

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

**Answer:** No. (Surrebuttal Testimony of Lena M. Mantle, pg. 8 ln. 16 – pg. 9 ln. 2, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 8 ln. 16 – pg. 9 ln. 2, ER-2022-0130, EFIS Item No. 220).

3. Should the actual costs be included in Evergy’s actual accumulation period FAC costs?

**Answer:** No. (Surrebuttal Testimony of Lena M. Mantle, pg. 8 ln. 16 – pg. 9 ln. 2, ER-2022-0129, EFIS Item No. 210; Surrebuttal Testimony of Lena M. Mantle, pg. 8 ln. 16 – pg. 9 ln. 2, ER-2022-0130, EFIS Item No. 220).

## **VII. Transmission Expense and Revenues**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

## **VIII. SERP**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

## **IX. Incentive Compensation:**

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

**Answer:** "Ratepayers should not pay for excessive incentive compensation in their rates." (Direct Testimony of Angela Schaben, pg. 10 lns. 5 – 8, ER-2022-0129, EFIS Item No. 98; Direct Testimony of Angela Schaben, pg. 10 lns. 5 – 8, ER-2022-0130, EFIS Item No. 104). "A proficiently designed incentive compensation plan will ultimately pay for itself by reducing operations and maintenance expenses (O&M)." *Id.*

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

**Answer:** No amount of incentive compensation should be included in rates. (Surrebuttal Testimony of Angela Schaben, pg. 21 lns. 11 – 13, ER-2022-0129, EFIS Item No. 216; Surrebuttal Testimony of Angela Schaben, pg. 21 lns. 11 – 13, ER-2022-0130, EFIS Item No. 226). Should the Commission

decide to include any incentive compensation, however, the correct amount to include would result from dividing Staff's 4 year average calculation of incentive compensation by the four years between FAC required rate cases. *Id.* at pg. 22 lns. 13 – 18. "This recommendation still meets the matching principle as incentive compensation is still included in rates and recalculated at every rate case." *Id.*

## **X. Kansas City Earnings Tax**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

## **XI. Bad Debt Expense**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** No. (Rebuttal Testimony of Geoff Marke, pg. 32 ln. 7 – pg. 35 ln. 19, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 32 ln. 7 – pg. 35 ln. 19, ER-2022-0130, EFIS Item No. 161). Evergy's issues regarding bad debt are the result of the Company's lack of a proactive arrearage matching program as well as faulty billing software, and higher cost of service. *Id.* These are the result of poor management and do not warrant the grant of a tracking mechanism. *Id.*

## **XII. Dues and Donations**

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



**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

### **XIII. Rate Case Expense**

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

**Answer:** the Commission should order a 50/50 sharing of rate case expenses as it has in the past. (Surrebuttal and True-Up Direct Testimony of Cassidy Weathers, pg. 4 lns. 13 – 15, ER-2022-0129, EFIS Item No. 218; Surrebuttal and True-Up Direct Testimony of Cassidy Weathers, pg. 4 lns. 13 – 15, ER-2022-0130, EFIS Item No. 228). The actual updated normalized amount that should be included in rates is found in the testimony of OPC witness Cassidy Weathers. *Id.* at pg. 12 lns. 8 – 12.

### **XIV. Depreciation**

- A. What depreciation rates should be ordered?

**Answer:** OPC supports Staff’s depreciation rate recommendations with the exception of steam production as Staff needs to recalculate these rates based on updating the 2018 cases for accumulated reserves and retirements and cost of removal incurred since conclusion of the 2018 rate cases. (Surrebuttal Testimony of John A. Robinett, pg. 19 lns. 10 – 12, ER-2022-0129, EFIS Item No. 215; Surrebuttal Testimony of John A. Robinett, pg. 19 lns. 10 – 12, ER-2022-0130, EFIS Item No. 225).

1. Should terminal net salvage be included in rates?

**Answer:** No. (Direct Testimony of John A. Robinett, pg. 6 lns. 23 – 25, ER-2022-0129, EFIS Item No. 99; Direct Testimony of John A. Robinett, pg. 6 lns. 23 – 25, ER-2022-0130, EFIS Item No. 108). The Commission has historically not allowed terminal net salvage to be included in rates and it should continue not to do so in this case. *Id.* at pg. 4 lns. 11 – 20.

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

**Answer:** the values determined by Staff as adjusted for the issues identified by

MECG witness Mr. Greg Meyer. (Direct Testimony of Greg R. Meyer, pg. 15 lns. 11 – 20, ER-2022-0129, EFIS Item No. 91; Direct Testimony of Greg R. Meyer, pg. 15 lns. 11 – 20, ER-2022-0130, EFIS Item No. 89).

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

**Answer:** the values determined by Staff as adjusted for the issues identified by MECG witness Mr. Greg Meyer. (Direct Testimony of Greg R. Meyer, pg. 15 lns. 11 – 20, ER-2022-0129, EFIS Item No. 91; Direct Testimony of Greg R. Meyer, pg. 15 lns. 11 – 20, ER-2022-0130, EFIS Item No. 89).

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

## **XV. Rate Base**

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

**Answer:** No. (Surrebuttal Testimony of John S. Riley, pg. 7 ln. 15 – pg. 8 ln. 2, ER-2022-0129, EFIS Item No. 214; Surrebuttal Testimony of John S. Riley, pg. 7 ln. 15 – pg. 8 ln. 2, ER-2022-0130, EFIS Item No. 224). The Evergy consolidated corporation has nearly exhausted its NOL. *Id.* Moreover, Evergy has been improperly amortizing the NOL instead of a straight reduction to net income, which is most likely a violation of the IRS normalization rules. *Id.* at pg. 5 ln. 4 – pg. 7 ln. 14. Therefore, any NOL balance should be removed from Evergy's rate base. *Id.* at pg. 8 ln. 2.

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

**Answer:** Evergy should not be allowed to allocate the costs of the CFP to its Missouri customers. (Rebuttal Testimony of Geoff Marke, pg. 40 ln. 3 – pg. 41 ln. 5, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 40 ln. 3 – pg. 41 ln. 5, ER-2022-0130, EFIS Item No. 161). Evergy Missouri customers did not cause these costs to be incurred and should not have to pay

for them. *Id.* at pg. 40 lns. 12 – 17.

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

**Answer:** the ONE CIS/CFP investments should be allocated to plant in service accounts in a manner substantially similar to what was employed in Evergy’s last rate case. (Rebuttal Testimony of John A. Robinett, pg. 3 lns. 7 – 15, ER-2022-0129, EFIS Item No. 148; Rebuttal Testimony of John A. Robinett, pg. 3 lns. 7 – 15, ER-2022-0130, EFIS Item No. 158). The proper allocation method is laid out in the testimony of OPC witness John A. Robinett. *Id.* at pg. 3 ln. 16 – pg. 4 ln. 2.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

## **XVI. Greenwood Solar Energy Center —**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

1. If so, how should it be allocated?

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

## **XVII. Revenues**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

### **XVIII. Rate Design/Class Cost of Service**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

- D. What are the appropriate rate schedules, rate structures, and rate designs for the Residential customers of each utility?

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

1. What is the appropriate residential customer charge?

**Answer:** The Commission should keep Evergy's customer charge at its current rate of \$11.47. (Rebuttal Testimony of Geoff Marke, pg. 28 ln. 23 – pg. 29 ln. 3, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 28 ln. 23 – pg. 29 ln. 3, ER-2022-0130, EFIS Item No. 161).

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

**Answer:** “[T]he Commission order Evergy to submit an open-source competitive RFP within thirty days following rates going into effect in which the Company will request a third-party consulting firm to develop and execute a marketing campaign to educate Evergy Missouri customers on the overall value proposition of TOU rates and to inform customers that larger differential rates will be going into effect for all customers following the conclusion of Evergy's next rate case.” (Rebuttal Testimony of Geoff Marke, pg. 15 lns. 17 – 22, 5, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 15 lns. 17 – 22, ER-2022-0130, EFIS Item No. 161). “This education campaign will begin no later than the day the Company files its next 60-day notice. The open-source competitive RFP will be vetted with input from the Staff and OPC and the competitive bid winner will be selected based on a majority vote between the Company, Staff and OPC.” *Id.* at lns. 22 – 25.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** Yes. (Rebuttal Testimony of Geoff Marke, pg. 15 lns. 11 – 13, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 15 lns. 11 – 13, ER-2022-0130, EFIS Item No. 161).

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** Yes.

- J. Should the following updates be ordered for the compliance tariff filings in these cases?  
a. Update MEEIA margin rates.

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

- b. Update Standby Service Rider rates consistent with changes made to underlying rate schedules.

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

- c. Update Community Solar distribution service rates.

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

- d. Update Clean Charge Network rates, and other miscellaneous rate schedules to coincide with the overall ordered percentage increase.

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** Yes.

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

**Answer:** Yes. (Rebuttal Testimony of Lisa Kremer, pg. 7 ln. 22 – pg. 9 ln. 10, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 7 ln. 22 – pg. 9 ln. 10, ER-2022-0130, EFIS Item No. 163). The Company’s own customer research, paid for by its customers, demonstrates that a significant percentage of customers do not have sufficient knowledge of their current rate plan. *Id.*

**XIX. Time of Use Education and Marketing**

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

**Answer:** Yes. (Rebuttal Testimony of Geoff Marke, pg. 15 lns. 14 – 16, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 15 lns. 14 – 16, ER-2022-0130, EFIS Item No. 161).

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

**Answer:** Yes. (Rebuttal Testimony of Geoff Marke, pg. 15 lns. 17 – 25, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 15 lns. 17 – 5, ER-2022-0130, EFIS Item No. 161).

**XX. Electrification Tariffs**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

1. With or without modification?

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

- B. Should Evergy’s proposed Commercial EV Charger Rebates be approved?

**Answer:** No. (Rebuttal Testimony of Geoff Marke, pg. 41 ln. 7 – pg. 42 ln. 14, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 41 ln. 7 – pg. 42 ln. 14, ER-2022-0130, EFIS Item No. 161). “There are over 900+ EV charging stations in Evergy’s service territory and the demand has not materialized to date.” *Id.* “Further build-out of third-party customer-side EV stations will necessarily cannibalize Evergy’s existing under-performing Clean Charge Network.” *Id.*

To compound matters, Evergy Metro has some of the highest rates in the Midwest and Evergy West customers are about to shoulder hundreds of millions of dollars in fuel costs from Storm Uri. The US economy is on the brink of a recession as customers attempt to weather inflation rates not seen in forty years and one in six Evergy customers have outstanding arrearages. Additionally, millions of dollars in federal subsidies are rolling in to promote EV adoption as Missouri is receiving copious amounts of federal funding specifically for EV charging stations over the next couple of years. Why Evergy is choosing now of all times, to push ratepayers subsidies is a mystery.

*Id.*

1. If yes, should there be any conditions placed on how the tariff is designed?

**Answer:** Yes. (Rebuttal Testimony of Geoff Marke, pg. 41 ln. 7 – pg. 42 ln. 14, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 41 ln. 7 – pg. 42 ln. 14, ER-2022-0130, EFIS Item No. 161). If the Commission elects to move forward with funding duplicative ratepayer funded EV charging, then, where applicable, any subsidized EV charging station should be required to have interoperable universal charging and operate under an open-source network which allow participants to just use their credit card to pay for their charging. *Id.* In addition, the Company should not be allowed to have a fungible budget and, instead, hard caps should be placed on funding by participants to minimize free ridership. *Id.*

- C. Should costs associated with IHS market EV adoption study be disallowed?

**Answer:** Yes. (Surrebuttal Testimony of Geoff Marke, pg. 52 lns. 1 – 8, ER-2022-0129, EFIS Item No. 212; Surrebuttal Testimony of Geoff Marke, pg. 52 lns. 1 – 8, Er-2022-0130, EFIS Item No. 222). This study is completely unnecessary as Evergy can utilize open and free data from the Department



of Revenue. *Id.*

1. If yes, how much of the costs should be disallowed?

**Answer:** all costs incurred. (Surrebuttal Testimony of Geoff Marke, pg. 52 lns. 1 – 8, ER-2022-0129, EFIS Item No. 212; Surrebuttal Testimony of Geoff Marke, pg. 52 lns. 1 – 8, Er-2022-0130, EFIS Item No. 222).

## **XXI. Access to Customer Facing Information**

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

**Answer:** the Commission should order Evergy to develop means to provide the OPC with the ability to observe and experience what Evergy customers experience as they are served by their utility (Direct Testimony of Lisa A. Kremer, pg. 5 lns. 13 – 23, ER-2022-0129, EFIS Item No. 104; Direct Testimony of Lisa A. Kremer, pg. 5 lns. 13 – 23, ER-2022-0130, EFIS Item No. 114). This will allow the OPC to “to observe, understand, and experience what Evergy customers experience as they are served by the Companies including changes to those experiences.” *Id.* at pg. 4 lns. 4 – 6. The OPC has demonstrated that it has both expertise and an inherent interest in reviewing this material and, given its \$295 million price tag, Evergy system should be able to perform such a simple task. (Surrebuttal Testimony of Lisa A. Kremer, pg. 6 lns.6 – 16, ER-2022-0129, EFIS Item No. 209; Surrebuttal Testimony of Lisa A. Kremer, pg. 6 lns.6 – 16, ER-2022-0129, EFIS Item No. 219).

## **XXII. Management Expense**

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

**Answer:** The proper amount of management expense is the amount found in the test year adjusted to exclude \$338,796.29 from Account 921 in Evergy Metro’s income statement and \$151,238.14 from Account 921 in Evergy West’s income statement. (Rebuttal Testimony of Cassidy Weathers, pg. 4 lns. 4 – 6, ER-2022-0129, EFIS Item No. 145; Rebuttal Testimony of Cassidy Weathers, pg. 4 lns. 4 – 6, ER-2022-0129, EFIS Item No. 155).

## **XXIII. Pilot Programs**

### **A. *Solar Subscription Pilot***

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

**Answer:** No. (Rebuttal Testimony of Geoff Marke, pg. 47 lns. 15 – 24, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 47 lns. 15 – 24, ER-2022-0130, EFIS Item No. 161). Despite tariffs being approved in 2018, Evergy has failed to build or offer a Community Solar Program under the terms of its tariff to date. *Id.* The pilot has never been operational. *Id.* It would therefore be premature and inappropriate to modify a tariff when there is no data from the pilot to inform regulators. *Id.*

a) Which changes should be denied?

**Answer:** all of them. (Rebuttal Testimony of Geoff Marke, pg. 47 lns. 15 – 24, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 47 lns. 15 – 24, ER-2022-0130, EFIS Item No. 161).

b) Which changes should be accepted?

**Answer:** none of them. (Rebuttal Testimony of Geoff Marke, pg. 47 lns. 15 – 24, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 47 lns. 15 – 24, ER-2022-0130, EFIS Item No. 161).

**B. Renewable Energy Battery Storage**

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

**Answer:** No. (Direct Testimony of Jordan Seaver, pg. 5 ln.2 – pg. 6 ln. 6, ER-2022-0129, EFIS Item No. 97; Direct Testimony of Jordan Seaver, pg. 5 ln.2 – pg. 6 ln. 6, ER-2022-0129, EFIS Item No. 99). The program is riddled with a litany of problems including a very low customer cap compared to cost, little to no evidence of cost savings, and eligibility problems. *Id.*

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

**Answer:** The Commission should not approve the study. (Direct Testimony of Jordan Seaver, pg. 5 ln.2 – pg. 6 ln. 6, ER-2022-0129, EFIS Item No. 97; Direct Testimony of Jordan Seaver, pg. 5 ln.2 – pg. 6 ln. 6, ER-2022-0129, EFIS Item No. 99).

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

**Answer:** Yes. (Direct Testimony of Jordan Seaver, pg. 6 lns. 17 - 21, ER-2022-0129, EFIS Item No. 97; Direct Testimony of Jordan Seaver, pg. 6 lns. 17 - 21, ER-

2022-0129, EFIS Item No. 99).

**C. *Advanced Easy Pay***

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

**Answer:** No. (Rebuttal Testimony of Geoff Marke, pg. 16 lns. 7 - 8, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 16 lns. 7 - 8, ER-2022-0130, EFIS Item No. 161). Evergy's offered benefits within an Advanced Easy Pay program are not unique and are what should be available to customers now. (Rebuttal Testimony of Lisa Kremer, pg. 9 ln. 12 – pg. 13 ln. 19, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 9 ln. 12 – pg. 13 ln. 19, ER-2022-0130, EFIS Item No. 163).

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

**Answer:** The advanced easy pay pilot would require waiver of 30 separate provisions of chapter 13. (Rebuttal Testimony of Lisa Kremer, pg. 13 lns. 6 – 19, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 13 lns. 6 – 19, ER-2022-0130, EFIS Item No. 163). This could be viewed as an attempt to rewrite this important Commission rule without the benefit of a rulemaking process. *Id.* These variances should therefore not be approved.

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

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

**Answer:** No. (Rebuttal Testimony of Geoff Marke, pg. 16 lns. 7 - 8, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 16 lns. 7 - 8, ER-2022-0130, EFIS Item No. 161). There are many reasons why this is a bad idea. (Rebuttal Testimony of Lisa Kremer, pg. 13 lns. 6 – 19, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 14 ln. 6 – pg. 16 ln. 2, ER-2022-0130, EFIS Item No. 163).

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

**Answer:** the Commission should not approve the program in its entirety. (Rebuttal Testimony of Geoff Marke, pg. 16 lns. 7 - 8, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 16 lns. 7 - 8, ER-2022-0130,

EFIS Item No. 161).

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

**Answer:** Yes. (Rebuttal Testimony of Geoff Marke, pg. 21 lns. 4 - 7, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 21 lns. 4 - 7, ER-2022-0130, EFIS Item No. 161).

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

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

**Answer:** No. (Rebuttal Testimony of Jordan Seaver, pg. 6 lns. 20 – 21, ER-2022-0129, EFIS Item No. 146; Rebuttal Testimony of Jordan Seaver, pg. 6 lns. 20 – 21, ER-2022-0129, EFIS Item No. 156). “[P]articipants to the program are likely to end their subscriptions when they find their rates increase over time. *Id.* at lns. 5 – 6. “Others are likely to end theirs because the rate will be higher than they can afford at some time in the near term.” *Id.* at 6 – 7. These factors make this program needlessly risky and expose non-participants to undue hardship. *Id.* at lns. 10 – 14.

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

**Answer:** Yes. (Direct Testimony of Jordan Seaver, pg. 7 lns. 15 - 19, ER-2022-0129, EFIS Item No. 97; Direct Testimony of Jordan Seaver, pg. 7 lns. 15 - 19, ER-2022-0129, EFIS Item No. 99).

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

#### **XXIV. Voltage Optimization Study**

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

**Answer:** Yes. (Direct Testimony of Geoff Marke, pg. 22 lns. 1 – 9, ER-2022-0129, EFIS Item No. 101; Direct Testimony of Geoff Marke, pg. 22 lns. 1 – 9, ER-2022-0130, EFIS Item No. 114).

Some utilities overpower homes and businesses with more voltage than is needed. This is a symptom of inefficiencies in the electric system that can negatively impact people’s wallets, health, and the environment. If voltage were “right-sized,” customers would only get the power they need to sufficiently power their appliances and devices, while building a cleaner, more efficient electricity system in the process. Voltage optimization is an electrical energy saving technique to support efficient distribution investments.

*Id.* at pg. 20 lns. 19- 25.

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

**Answer:** Yes. (Rebuttal Testimony of Geoff Marke, pg. 15 lns. 22 – 25, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 15 lns. 22 – 25, ER-2022-0130, EFIS Item No. 161).

#### **XXV. Value of Lost Load Study**

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

**Answer:** Yes. (Rebuttal Testimony of Geoff Marke, pg. 43 lns. 1 – 7, pg. 45 lns. 3 – 9, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 43 lns. 1 – 7, pg. 45 lns. 3 – 9, ER-2022-0130, EFIS Item No. 161). This kind of study “helps determine the average amount consumers are willing to pay to avoid an additional period without power.” *Id.* at lns. 11- 12.

#### **XXVI. Tariff Revisions**

- A. Should the Commission approve the Companies’ proposed revisions to the Market Based Demand Response program tariff, or should the Commission

order Evergy to cancel their currently effective MBDR tariff sheets and update the related curtailment tariff sheets in accordance with the OPC's recommendations?

**Answer:** The Commission should order Evergy to cancel its currently effective MBDR tariff and update the related curtailment tariff sheets in accordance with the OPC's recommendations. (Direct Testimony of Jordan Seaver, pg. 2 ln. 11 – pg. 4 ln. 21, ER-2022-0129, EFIS Item No. 97; Direct Testimony of Jordan Seaver, pg. 2 ln. 11 – pg. 4 ln. 21, ER-2022-0129, EFIS Item No. 99). There have been no participants to the MBDR tariff and it has not shown itself to be an effective means of achieving its stated ends. *Id.* Those ends would be better met by opening the market to competition by allowing aggregators to operate in Missouri. *Id.*

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

A. Should the LIWAP funding amount be changed?

**Answer:** No. (Direct Testimony of Geoff Marke, pg. 24 lns. 20 – 21, ER-2022-0129, EFIS Item No. 101; Direct Testimony of Geoff Marke, pg. 24 lns. 20 – 21, ER-2022-0130, EFIS Item No. 114). This is unnecessary given the large influx of federal funding. *Id.*

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

**Answer:** No. (Rebuttal Testimony of Lisa Kremer, pg. 18 ln. 24 – pg. 19 ln. 6, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 18 ln. 24 – pg. 19 ln. 6, ER-2022-0130, EFIS Item No. 163). This is premature. *Id.* “The Company has attempted to make improvements to allow the ease of spending by the agencies providing weatherization services to clients” and Commission should provide “time to observe how this may manifest.” *Id.*

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

**Answer:** No. (Rebuttal Testimony of Lisa Kremer, pg. 18 ln. 24 – pg. 19 ln. 6, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 18 ln. 24 – pg. 19 ln. 6, ER-2022-0130, EFIS Item No. 163). “[E]ach unspent year should be reviewed independently and with input and consultation of the agencies charged with spending the weatherization funds.” *Id.*

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

**Answer:** No. (Surrebuttal Testimony of Geoff Marke, pg. 22 lns. 1 – 17, ER-2022-0129, EFIS Item No. 212; Surrebuttal Testimony of Geoff Marke, pg. 22 lns. 1 – 17, Er-2022-0130, EFIS Item No. 222).

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

**Answer:** Yes. (Direct Testimony of Geoff Marke, pg. 24 lns. 15 – 19, ER-2022-0129, EFIS Item No. 101; Direct Testimony of Geoff Marke, pg. 24 lns. 15 – 19, ER-2022-0130, EFIS Item No. 114).

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

down or the Company's next rate case?

**Answer:** Yes. (Surrebuttal Testimony of Geoff Marke, Pg. 25, lns. 12 - 16, ER-2022-0129, EFIS Item No. 212; Surrebuttal Testimony of Geoff Marke, Pg. 25, lns. 12 - 16, Er-2022-0130, EFIS Item No. 222).

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

**Answer:** Yes. (Direct Testimony of Geoff Marke, pg. 22 ln. 12 – pg. 23 ln. 27, ER-2022-0129, EFIS Item No. 101; Direct Testimony of Geoff Marke, pg. 22 ln. 12 – pg. 23 ln. 27, ER-2022-0130, EFIS Item No. 114). “The CNP is a voluntary program that trains customer “navigators,” who work in nontraditional utility CSR venues.” *Id.*

The navigators utilize a simple form under a “fast-track” protocol that provides an expedited process that should:

- Maintain or restore utility services
- Avoid negative impacts on residents with serious medical and/or crisis conditions
- Address build-up of utility bill arrears
- Provide a streamlined process to complementary services

*Id.* This program has already been accepted by Spire, Ameren, and Empire.  
*Id.*

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

**Answer:** Yes. (Direct Testimony of Geoff Marke, pg. 23 lns. 23 – 27, ER-2022-0129, EFIS Item No. 101; Direct Testimony of Geoff Marke, pg. 23 lns. 23 – 27, ER-2022-0130, EFIS Item No. 114). This is, again, “[c]onsistent with Spire, Ameren Missouri, Empire District Electric and Empire District Gas[.]” *Id.*

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

**Answer:** Yes. (Direct Testimony of Geoff Marke, pg. 24 lns. 2 – 12, ER-2022-0129, EFIS Item No. 101; Direct Testimony of Geoff Marke, pg. 24 lns. 2 – 12, ER-2022-0130, EFIS Item No. 114). This Rehousing Pilot Program was created when parties in Ameren Missouri's last rate case “agreed to fund a low-



income program targeted at transitional housing customers based on recommendations from an independent third party (Apprise) study over Ameren Missouri's low income programs." *Id.*

The Ameren Missouri Rehousing Pilot Program includes a select group of homeless agencies in the greater St. Louis and St. Charles area and include 500 targeted participants a year. Each participant will receive \$1000 to be allocated towards arrearages and/or future bill credits to help these agencies clients transition into stable housing arrangements with new utility accounts.

*Id.*

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

**Answer:** Yes. Direct Testimony of Geoff Marke, pg. 24 lns. 2 – 12, ER-2022-0129, EFIS Item No. 101; Direct Testimony of Geoff Marke, pg. 24 lns. 2 – 12, ER-2022-0130, EFIS Item No. 114). This is the same funding and ratio as adopted by Ameren. *Id.*

## **XXVIII. Universal Customer Service**

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

**Answer:** Yes. (Rebuttal Testimony of Lisa Kremer, pg. 25 ln. 18 – pg. 26 ln. 6, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 25 ln. 18 – pg. 26 ln. 6, ER-2022-0130, EFIS Item No. 163). In particular, the Commission needs to “press the Company further on this important matter to ensure the Company’s accessibility by all of its regulated customer body as well as to inquire of its detection controls in place to ensure customers are not underserved in such a digital platform.” *Id.*

## **XXIX. Customer Privacy**

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

**Answer:** Yes. (Rebuttal Testimony of Lisa Kremer, pg. 28 lns. 13 – 17, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 28 lns. 13 – 17, ER-2022-0130, EFIS Item No. 163). “Customers may or may not know to check the policy, may not be able to check the policy, may have difficulty

determining where the changes occur, etc.” *Id.*

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

**Answer:** Yes. Rebuttal Testimony of Lisa Kremer, pg. 27 ln. 25 – pg. 28 ln. 12, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 27 ln. 25 – pg. 28 ln. 12, ER-2022-0130, EFIS Item No. 163). “By providing the rule reference, the customer is made aware that there are rules by virtue of the Company’s status as a Missouri regulated utility that govern its treatment of customer information.” *Id.*

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

**Answer:** Yes. (Rebuttal Testimony of Lisa Kremer, pg. 28 lns. 26 – 30, ER-2022-0129, EFIS Item No. 153; Rebuttal Testimony of Lisa Kremer, pg. 28 lns. 26 – 30, ER-2022-0130, EFIS Item No. 163).

[T]he Company should indicate clearly that it does not “own” customer information, but rather, that it simply “houses” the information on its own systems solely for regulated utility purposes. Customers should be aware that they retain ownership of their own information at all times, even when it is in Evergy’s possession.

*Id.* This is consistent with the article titled “The New Rules of Data Privacy” published in the Harvard Business Review. *Id.*

### **XXX. Injuries and Damages**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

### **XXXI. Annual Surveillance Report (Metro only)**

- A. Should Evergy Metro discontinue the annual surveillance report?

**Answer:** No.

**XXXII. Jurisdictional Allocations (Metro only)**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

1. If so, what amount should Evergy Metro be allowed to defer?

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

2. Should rates include an amortization of this deferral and what period should the amortization be determined over?

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

**XXXIV. Payroll Overtime**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

- B. Should an escalation factor be applied to overtime?

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

**XXXV. Cash Working Capital:**

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

**Answer:** The appropriate expense lag days for measuring Evergy's Missouri federal income tax lag for purposes of cash working capital are those found in Staff's accounting schedules. For state income taxes, however, the appropriate lag days is 365 days "to reflect the fact that the Company has not paid state income tax for at least three years[.]" (Rebuttal Testimony of John S. Riley, pg. 4 ln. 17 – pg. 5 ln. 2, ER-2022-0129, EFIS Item No. 149; Rebuttal Testimony of John S. Riley, pg. 4 ln. 17 – pg. 5 ln. 2, ER-2022-0130, EFIS Item No. 159).

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

**Answer:** in addition to the modification addressed in part A above, the balance for the federal income taxes should be changed as well in accordance with changes made to Evergy's federal income tax expense component in rate base. (Rebuttal Testimony of John S. Riley, pg. 4 lns. 17 – 18, ER-2022-0129, EFIS Item No. 149; Rebuttal Testimony of John S. Riley, pg. 4 lns. 17 – 18, ER-2022-0130, EFIS Item No. 159).

**XXXVI. Property Tax:**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

**XXXVII. Income Taxes**

- A. How should the General Business Credits (“GBC”) carryforward by Evergy Metro be treated?
1. Should any portion of the accrued GBC carryforward utilized be used to offset the income tax expense to be collected through Evergy Metro’s rates?

**Answer:** Yes. (Rebuttal Testimony of John S. Riley, pg. 5 lns. 16 – 20, ER-2022-0129, EFIS Item No. 149; Rebuttal Testimony of John S. Riley, pg. 5 lns. 16 – 20, ER-2022-0130, EFIS Item No. 159). Evergy is already applying its GBC in an amount up to 75% of its corporate federal income tax and the Commission needs to recognize that in this case. *Id.* “Evergy Metro has a sufficient balance of GBC to apply to income taxes until the next general rate case.” *Id.* The Commission should order these tax credits applied “in any case where the utility has sufficient credits to do so.” *Id.*

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

**Answer:** Yes. (Surrebuttal Testimony of John S. Riley, pg. 9 ln. 16 – pg. 10 ln. 3, ER-2022-0129, EFIS Item No. 214; Surrebuttal Testimony of John S. Riley, pg. 9 ln. 15 – pg. 10 ln. 3, ER-2022-0130, EFIS Item No. 224).

Prior to the test year in ER-2018-0145, Great Plains Energy reported a taxable loss on its 2017 federal tax return and applied an NOL to its 2016 return. It would be hard to argue that Staff should have applied GBC to the test year in the 2018 rate case where every indication said GBC won’t be applied, however, due to NOL depletion and the TCJA, GBC was applied to reduce the Company’s tax liability in 2020, 2021, and probably 2022. These credits are available to Evergy Missouri Metro courtesy of the IRS

and financed by the ratepayers. As such, the credits should be reflected in Evergy's rates.

*Id.* at pg. 10 lns. 11 – 17.

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

**Answer:** The Sibley premature retirement (loss on sale/abandonment) resulted in a reduction to taxable income. (Rebuttal Testimony of John S. Riley, pg. 6 ln. 2 – pg. 7 ln. 4, ER-2022-0129, EFIS Item No. 149; Rebuttal Testimony of John S. Riley, pg. 6 ln. 2 – pg. 7 ln. 4, ER-2022-0130, EFIS Item No. 159). “This reduction should be applied to the AAO balance since it directly relates to Sibley plants.” *Id.* It is not clear whether this would be considered an “offset.”

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

**Answer:** The Sibley premature retirement (loss on sale/abandonment) resulted in a reduction to taxable income. (Rebuttal Testimony of John S. Riley, pg. 6 ln. 2 – pg. 7 ln. 4, ER-2022-0129, EFIS Item No. 149; Rebuttal Testimony of John S. Riley, pg. 6 ln. 2 – pg. 7 ln. 4, ER-2022-0130, EFIS Item No. 159). “This reduction should be applied to the AAO balance since it directly relates to Sibley plants.” *Id.* It is not clear whether this would be considered an “offset.”

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** Yes (potentially). (Direct Testimony of John S. Riley, pg. 7 ln. 27 – pg. 8 ln. 6, ER-2022-0129, EFIS Item No. 100; Direct Testimony of John S. Riley, pg. 7 ln. 27 – pg. 8 ln. 6, ER-2022-0130, EFIS Item No. 111).

Historically, the Commission has been reflecting NOL balances in rate base. If the Commission were to acknowledge that property sale losses extend the life of the NOL then the NOL should be reduced by the accumulation of those losses. It stands to reason that the ratepayer should benefit from this tax reduction since it has funded the assets in question and provided a rate of return on those assets and paid the associated taxes on the return.

*Id.* However, the Evergy consolidated corporation has nearly exhausted its NOL. (Surrebuttal Testimony of John S. Riley, pg. 7 ln. 15 – pg. 8 ln. 2, ER-2022-0129, EFIS Item No. 214; Surrebuttal Testimony of John S. Riley, pg. 7 ln. 15 – pg. 8 ln. 2, ER-2022-0130, EFIS Item No. 224). Moreover, Evergy has been improperly amortizing the NOL instead of a straight reduction to net income, which is most likely a violation of the IRS normalization rules. *Id.* at pg. 5 ln. 4 – pg. 7 ln. 14. As such, the OPC is currently arguing that any NOL balance should be removed from Evergy’s rate base, which would render this issue moot. *Id.* at pg. 8 ln. 2.

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

**Answer:** Yes, because the current method is a violation of the IRS’s normalization rules. (Surrebuttal Testimony of John S. Riley, pg. 5 ln. 4 – pg. 7 ln. 14, ER-2022-0129, EFIS Item No. 214; Surrebuttal Testimony of John S. Riley, pg. 5 ln. 4 – pg. 7 ln. 14, ER-2022-0130, EFIS Item No. 224).

### **XXXVIII. Late Fees**

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

**Answer:** Evergy’s late fee should be based on the Company’s average cost of commercial paper at the end of the prior quarter as disclosed in the Company’s SEC 10-Q filings and that the Company’s tariff should explicitly state that. (Surrebuttal Testimony of Geoff Marke, pg. 28 ln. 20 – pg. 29 ln. 6, ER-2022-0129, EFIS Item No. 212; Surrebuttal Testimony of Geoff Marke, pg. 28 ln. 20 – pg. 29 ln. 6, Er-2022-0130, EFIS Item No. 222).

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

**Answer:** Yes. (Surrebuttal Testimony of Geoff Marke, pg. 28 ln. 20 – pg. 29 ln. 6, ER-2022-0129, EFIS Item No. 212; Surrebuttal Testimony of Geoff Marke, pg. 28 ln. 20 – pg. 29 ln. 6, Er-2022-0130, EFIS Item No. 222). “The disclosure of

this information needs to go beyond it being buried in a multi-hundred page tariff.” *Id.*

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

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

**Answer:** Yes. (Rebuttal Testimony of Geoff Marke, pg. 10 lns. 9 – 18, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 10 lns. 9 – 18, ER-2022-0130, EFIS Item No. 161). “Based on industry benchmarks provided by the Company through discovery, Evergy customers appear to be receiving a subpar customer experience, which runs in the face of the tone and content of Evergy’s testimony.” *Id.* “Having a transparent, empirical, third-party perspective that compares Evergy’s performance against its peers should result in better results in the future.” *Id.*

**XL. Storm Reserve**

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

**Answer:** No. (Direct Testimony of Angela Schaben, pg. 17 lns. 16 – 19, ER-2022-0129, EFIS Item No. 98; Direct Testimony of Angela Schaben, pg. 17 lns. 16 – 19, ER-2022-0130, EFIS Item No. 104). This Storm reserve would not benefit customers in any way and would actually result in higher customer bills. *Id.* at pg. 18 lns. 1 – 7.

Potential storm cost liabilities are a natural cost of utility company operations, for which it earns a rate of return. For extraordinary storms exceeding reasonable costs that cannot be absorbed within regular operations, the Company could request an AAO. Implementing a storm reserve essentially removes an additional layer of operational risk, for which the Company is already allowed a rate of return, at the expense of its customers.

*Id.* This proposal only serves to benefit Evergy itself. *Id.*



## **XLII. Prospective Tracking**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

## **XLIII. Uplight**

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

**Answer:** yes. (Surrebuttal Testimony of Angela Schaben, pg. 20 lns. 4 – 10, ER-2022-0129, EFIS Item No. 216; Surrebuttal Testimony of Angela Schaben, pg. 20 lns. 4 – 10, ER-2022-0130, EFIS Item No. 226). The Uplight contract “was implemented in conjunction with MEEIA related software products promoting energy efficiency.” *Id.* The cost of the contract should consequently not be included in general rates.” *Id.*

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

## **XLIV. Streetlighting (West Only)**

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

**Answer:** Tentatively yes. (Rebuttal Testimony of Geoff Marke, pg. 23 lns. 2 – 13, ER-2022-0129, EFIS Item No. 151; Rebuttal Testimony of Geoff Marke, pg. 23 lns. 2 – 13, ER-2022-0130, EFIS Item No. 161). “Assuming the lighting meets appropriate safety standards[,]” this “would appear to be a reasonable outcome for all parties.” *Id.*

- B. Should language be added to Evergy West's Municipal Street Lighting Service Tariff providing that no “Optional Equipment” charges in Section 4.0 or 5.0 of

Municipal Street Lighting Service Tariff will be charged to streetlight facilities which are deemed to be owned by the Company and installed by a city or its contractor, or by a developer of a city-approved development?

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

#### **XLIV. Schedule SIL**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

**XLV. Reporting Requirements**

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

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

**Answer:** The OPC takes no position on this issue at this time, but reserves the right to address this issue further in briefing.

WHEREFORE, the Office of the Public Counsel respectfully requests the Commission accept this *Statement of Position*, and rule in the OPC's favor on all issues stated herein.

Respectfully submitted,

By:           /s/ John Clizer            
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the forgoing have been mailed, emailed, or hand-delivered to all counsel of record this twenty-second day of August, 2022.

          /s/ John Clizer