

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Missouri Metro and)
Evergy Missouri West, Inc. d/b/a Evergy)
Missouri West for an Accounting Authority) **File No. EU-2021-0283**
Order Allowing the Companies to Record)
and Preserve Costs Related to the February)
2021 Cold Weather Event)

ORDER DIRECTING NOTICE, SETTING A DEADLINE TO INTERVENE, AND DIRECTING FILING

Issue Date: July 2, 2021

Effective Date: July 2, 2021

Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (collectively “Evergy”) filed a joint application and supporting testimony requesting an accounting authority order (AAO) for costs incurred during the extreme weather event of February of 2021, also known as Winter Storm Uri.

The Commission will direct notice be given, set a deadline for intervention applications, and order the Commission’s Staff (Staff) to provide a date by which Staff may file a recommendation and report concerning Evergy’s AAO request.

THE COMMISSION ORDERS THAT:

1. The Commission’s Data Center shall provide a copy of this order to all parties to Evergy’s most recent rate cases, File Nos. ER-2018-0145 and ER-2018-0146.
2. Staff shall file a pleading informing the Commission of the date it will be able to submit a recommendation and report no later than July 23, 2021.
3. The Commission’s Public Policy and Outreach Department shall provide notice of Evergy’s application to members of the General Assembly representing

residents in Evergy's service territory, and to the news media serving residents in Evergy's service territory.

4. Applications to intervene shall be filed no later than August 2, 2021, with the Secretary of the Missouri Public Service Commission or in the Commission's Electronic Filing and Information System.

5. This order is effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

Morris L. Woodruff
Secretary

John Clark, Senior Regulatory Law Judge,
by delegation of authority pursuant
to Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri,
on this 2nd day of July, 2021.

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

In the Matter of the Application of Evergy Metro,)
Inc. d/b/a Evergy Missouri Metro and Evergy)
Missouri West, Inc. d/b/a Evergy Missouri West) No. EU-2021-0283
for an Accounting Authority Order Allowing the)
companies to Record and Preserve Costs Related)
to the February 2021 Cold Weather Event)

**APPLICATION OF EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST
FOR ACCOUNTING AUTHORITY ORDER RELATED TO WINTER STORM URI
COSTS AND FINANCIAL IMPACTS**

COMES NOW, Evergy Metro, Inc., d/b/a/ Evergy Missouri Metro (“Evergy Missouri Metro”), and Evergy Missouri West, Inc. (“Evergy Missouri West”) (collectively, “Evergy” or “Company”), pursuant to Section 386.250¹ and 393.140, as well as 20 CSR 4240-2.060, file this Application (“Application”) for an accounting authority order (“AAO”) permitting Evergy to accumulate and defer to a regulatory asset and/or regulatory liability, as appropriate, for consideration in future proceedings in which recovery will be addressed by the Missouri Public Service Commission (“Commission” or “PSC”) all extraordinary costs and revenues, caused by the North American winter storm of mid-February 2021, commonly referred to as Winter Storm Uri,² plus associated carrying costs.

In support of this Application, Evergy states as follows:

¹ All citations are to the Revised Statutes of Missouri (2016), as amended.

² Public Notice DA 21-189 at 1, Fed. Commun. Comm’n (Feb. 17, 2021) (“The Public Safety and Homeland Security Bureau, in Coordination with other Bureaus, Issues Procedures for Providing Emergency Communications in States Impacted by Winter Storm Uri”). See <https://en.wikipedia.org> (“The **February 13-17, 2021 North American winter storm**, unofficially referred to as **Winter Storm Uri**, was a major winter and ice storm that had widespread impacts across the United States, Northern Mexico, and parts of Canada”).

I. General Information

1. Evergy Missouri Metro is a Missouri corporation with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105. It is engaged in the generation, transmission, distribution and sale of electricity in western Missouri and eastern Kansas, operating primarily in the Kansas City metropolitan area. Evergy Missouri Metro, Inc. is an “electrical corporation” and a “public utility” subject to the jurisdiction, supervision, and control of the Commission under Chapters 386 and 393.

2. Evergy Missouri Metro’s certificate of good standing was filed in Case No. EN-2020-0063 and is incorporated by reference pursuant to 20 CSR 4240-2.060(1)(G).

3. Evergy Missouri West is a Delaware corporation with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105. It is engaged in the generation, transmission, distribution and sale of electricity in western Missouri, including the suburban Kansas City metropolitan area, St. Joseph, and surrounding counties. Evergy Missouri West is an “electrical corporation” and a “public utility” subject to the jurisdiction, supervision and control of the Commission under Chapters 386 and 393.

4. A certificate of authority for a foreign corporation to do business in Missouri was filed with the Commission in Case No. EN-2020-0064 and is incorporated by reference pursuant to 20 CSR 4240-2.060(1)(G).

5. Evergy Missouri Metro and Evergy Missouri West are wholly-owned subsidiaries of Evergy, Inc. They have no annual reports or regulatory assessment fees that are overdue.

6. Evergy Missouri Metro has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involved customer services or rates, which action, judgment or decision has occurred within three years of the date of this Application.

7. Evergy Missouri West has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involved customer services or rates, which action, judgment or decision has occurred within three years of the date of this application, except for; *Barbara Edwards v. Evergy Missouri West, Inc. d/b/a Evergy Missouri West*, No. EC-2020-0252.

8. In addition to serving counsel named below, all correspondence, pleadings, notices, orders and other communications regarding this proceeding should also be sent to:

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9. By this application, Evergy Missouri Metro and Evergy Missouri West seek an AAO from the Commission authorizing the companies to track and defer in a regulatory asset all extraordinary costs and financial impacts incurred by them as a result of Winter Storm Uri and related effects of the North American winter storm of mid-February 2021 (hereafter “Winter Storm Uri”) with recovery of amounts deferred to be addressed by the Commission in a future proceeding.

II. Statement of Facts

10. As a result of an outbreak of cold air that migrated in early February 2021 from the North Pole to southern Canada and the north central United States, often referred to as a “polar vortex,” cold temperatures, wind chills and snow began to arrive in North Dakota, traveling

through Missouri and other Midwestern states, ultimately hitting Texas and portions of the Gulf Coast.³ To prepare for this event now known as Winter Storm Uri, Southwest Power Pool, Inc. (“SPP”) declared a period of conservative operations for its 14-state balancing authority area at midnight on February 9, 2021.⁴ Evergy is a member of SPP, a regional transmission organization (“RTO”) mandated by the Federal Energy Regulatory Commission (“FERC”) to ensure the reliable supply of power, as well as adequate transmission infrastructure and competitive wholesale electricity prices.

11. As weather conditions worsened on February 14, SPP declared an Energy Emergency Alert (“EEA”) Level 1 to become effective at 5:00 a.m. on Monday, February 15.⁵ An EEA 1 indicated that SPP foresaw or was experiencing conditions where all available resources were scheduled to meet firm load obligations and that it might not be able to sustain its required contingency reserves.

12. As Winter Storm Uri’s persistent and extreme cold weather continued, SPP declared an EEA Level 2 at 7:22 a.m. on February 15 which indicated that SPP was no longer able to provide its expected energy requirements (although it was able to maintain minimum contingency reserve requirements). As a result, SPP directed its members to issue public conservation appeals.⁶ Evergy had previously asked its customers on February 14 (Sunday) to

³ “February 2021 Weather and its Impacts on Missouri” at 1, Missouri Climate Center, Univ. of Mo. (P. Guinan, State Climatologist) (Mar. 2021), <http://climate.missouri.edu> (hereafter “Missouri Climate Center February 2021 Report”). See Exhibit A (attached). See also “Assessing the U.S. Climate in February 2021” at 1-2, Nat’l Oceanic & Atmospheric Admin. (NOAA), U.S. Dep’t of Commerce (Mar. 2021) (hereafter, “NOAA February 2021 Report”).

⁴ “Southwest Power Pool preparing for worsening system conditions due to extreme cold,” SPP News Release (Feb. 14, 2021).

⁵ Id. Energy Emergency Alerts are defined by the North American Electric Reliability Corporation (“NERC”) in Reliability Standard EOP-011-2 (eff. Apr. 1, 2017). See www.nerc.com/pa/rm/ea/Pages/Energy-Emergency-Alerts.aspx.

⁶ “SPP issues new energy emergency alert due to extreme cold,” SPP News Release (Feb. 15, 2020).

conserve electricity through February 17 (Wednesday), in response to SPP's earlier requests to conserve electricity use.⁷

13. Less than three hours after its EEA 2 announcement on February 15, SPP declared at 10:08 a.m. an EEA Level 3, signaling that its operating reserves fell below the required minimum.⁸ A short time later the SPP system reached a peak electricity usage of 43,661 MW. After committing all of its reserves and exhausting other avenues, including importing power from other regions, available generation in SPP fell about 641 MW short of demand just after Noon. As a result, SPP directed its member utilities to implement controlled interruptions of service to curtail electricity use by 641 MW.⁹

14. Evergy received SPP's operating instruction to shed load at 12:04 p.m. on February 15 and began to interrupt service to customers.

15. At 2:00 p.m. on February 15, SPP cancelled the EEA Level 3 and re-entered an EEA Level 2. SPP was able to restore load to its balancing authority area because it had regained sufficient generation to meet demand throughout its footprint, as well as to meet its minimum reserve requirements.¹⁰ It warned that its forecasts anticipated high load and persistent cold weather, advising that it was "likely its system will fluctuate between EEA Levels 2 and 3 over the next 48 hours" and that it "may have to direct further interruptions of service if available generation is inadequate to meet high demand."¹¹

⁷ "Evergy Asks Customers to Conserve Electricity – Record-setting cold temperatures across the Midwest have potential to impact power supply" (Feb. 14, 2021). See Exhibit B (attached).

⁸ "SPP elevates Energy Emergency Alert to Level 3 as grid conditions tighten further," SPP News Release (Feb. 15, 2021).

⁹ "SPP restores load, anticipates that regional grid conditions will continue to evolve," SPP News Release (Feb. 15, 2021).

¹⁰ Id.

¹¹ Id.

16. The forecasts were accurate. Early on the morning of February 16, SPP declared an EEA Level 3 for the entire 14-state balancing authority area because system-wide generating capacity had dropped below its “current load of approximately 42 gigawatts (GW) due to extremely low temperatures and inadequate supplies of gas.”¹² SPP stated that it would again work with its members “to implement controlled interruptions of electric service throughout” its region “as a last resort to preserve the reliability of the electric system as a whole.” It anticipated a morning peak above 44.6 GW at 9:00 a.m.¹³

17. Eversource received SPP’s operating instructions to shed load at 6:44 a.m. and at 7:17 a.m. on February 16, and interrupted service to customers accordingly.

18. Later, on the morning of February 16, SPP ended the EEA Level 3 and restored the previous EEA Level 2. As conditions improved, SPP declared a move from EEA Level 2 to EEA Level 1 at 10:59 on February 17. This action indicated that all of SPP’s available resources had been committed to meet obligations, but it was not at risk of failing to meet its required operating reserves.¹⁴ As conditions slowly improved, SPP ended the EEA Level 1 at 9:30 a.m. on February 18, while maintaining conservative operations due to continuing high loads and other effects of Winter Storm Uri. In announcing the end of the emergency alerts, SPP stated that it had ordered two interruptions of service: (a) one for approximately 50 minutes on the morning of February 15, and (b) the other for a little more than three hours on the morning of February 16.¹⁵ These two events represented the first time that SPP has ever ordered service interruptions.

¹² “Grid Conditions Update (Feb, 16, 2012 6:46 a.m.): EEA3 declared effective immediately,” SPP News Release (Feb. 16, 2021).

¹³ Id.

¹⁴ “SPP ends Energy Emergency Alert, remains in conservative operations,” SPP News Release (Feb. 18, 2021).

¹⁵ Id.

19. The SPP Market Monitoring Unit (“Market Monitor”) issued its State of the Market Report for Winter 2021 in early April, concluding that energy imports during February played a significant role in meeting load, with a net of nearly \$52 million in market-to-market payments being paid by the SPP energy market to the Midcontinent Independent System Operator (“MISO”) energy market.¹⁶ “This is the highest amount of monthly market-to-market payments since the start of the [SPP] market-to-market process, and can be mostly attributed to congestion because of high levels of imports due to the winter weather event.”¹⁷

20. The Market Monitor found that Winter Storm Uri had a major impact on prices during February, as spot natural gas prices at some trading hubs exceeded \$1,000/MMBtu. The average gas price at the eight hubs used most frequently by SPP generators ranged from \$129.78/MMBtu (ONG at Tulsa) to \$5.35/MMBtu (Henry Hub), with the Panhandle Eastern hub at \$21.91/MMBtu.¹⁸ These high gas costs were reflected in SPP’s day-ahead electricity prices which reached a peak of \$4,393/MWh early on February 18, while real-time prices reached a peak of \$4,029/MWh early on February 16.¹⁹ The State of the Market Report explained that although offers could not exceed the hard cap of \$2,000/MWh, prices can exceed the cap for reasons related to scarcity pricing when operating resources and regulation service are short, as well as when congestion and system losses occur.²⁰ The day-ahead and real-time prices during Winter Storm Uri represented by far the highest prices ever seen over a multi-day period in SPP’s history.

21. The SPP Market Monitor noted the significant increase in both day-ahead and real-time make-whole payments made to market participants when a committed resource’s production

¹⁶ SPP Market Monitoring Unit, State of the Market: Winter 2021 at 1, 11-13, 68 (Apr. 6, 2021).

¹⁷ Id. at 13.

¹⁸ Id. at 3, 31.

¹⁹ Id. at 72.

²⁰ Id.

costs exceed its revenues. The State of the Market Report advised that such payments are subject to changes as actual gas costs and other factors are reviewed that could adjust figures in the initial S7 settlement statements on subsequent S53 and S120 statements.²¹ The Market Monitor stated that day-ahead make-whole payments were “just under \$1 billion” during the winter event, while real-time make-whole payments “totaled just over \$190 million.”²²

22. The Market Monitor also cited an increase in generation outages from nearly 30,000 GWh in winter 2020 to just over 43,000 GWh in winter 2021. The outages were most pronounced among wind and gas combined-cycle resources.²³

23. The Missouri Climate Center at the University of Missouri College of Agriculture reported that temperatures for the period February 6-19, 2021 “averaged more than 20 degrees below normal,” with preliminary data indicating “it was the coldest 2-week period to impact Missouri in over 30 years.”²⁴ Two locations in Atchison and Clay Counties – counties that Evergy Missouri West and Evergy Missouri Metro serve – reported morning low temperatures of -26°F on the morning of February 16.²⁵

24. The cold February weather caused demand for natural gas to soar nationally as it was needed to provide heat to homes and businesses, and to produce power at electric generating plants. The EIA estimated that total natural gas consumption in February was the highest on record at 111.8 billion cubic feet per day (“Bcf/d”), and that inventory withdrawals reached 829 Bcf, “the largest February withdrawal on record.”²⁶

²¹ Id. at 74-76

²² Id. at 75-76.

²³ Id. at 2.

²⁴ See Exhibit A, Missouri Climate Center February 2021 Report at 1.

²⁵ Id.

²⁶ Short-Term Energy Outlook at 3, U.S. Energy Information Administration (March 2020).

25. In response to the Winter Storm Uri and related weather events, the Commission ordered its Regulatory Analysis and Customer Experience Departments “to investigate Missouri’s electrical and natural gas utilities’ preparation for and response to” the extreme cold of February 2021 and to report its findings to the Commission. See Order Directing Staff to Investigate and Submit Report, In re Cause of the Feb. 2021 Cold Weather Event and its Impact on Investor Owned Utilities, No. AO-2021-0264 (Feb. 24, 2021). The Commission subsequently ordered investor-owned natural gas utilities to appear at a workshop on March 23, 2021, and to present information related to the consequences and mitigation options regarding the cold weather event.²⁷

26. FERC and NERC announced on February 16, 2021 that they will open a joint inquiry into the operations of the bulk-power system during the extreme weather conditions that occurred in mid-February.²⁸

27. Based upon preliminary figures, subject to resettlements and a final calculation of any other applicable and valid charges, in February 2021 Evergy Missouri West incurred \$11.8 million in fuel costs (an increase of \$8.3 million from its average February fuel costs over 2018-2020), and \$316.8 million in purchased power costs (an increase of \$302 million from its average February purchased power costs). After adjustments for transmission costs, disallowances and off-system sales revenue, Evergy Missouri West’s total energy costs were \$315.9 million (an increase of \$297.3 million from its average February total energy costs).

28. Based upon preliminary figures, subject to resettlements and a final calculation of any other applicable and valid charges, Evergy Metro, Inc. incurred \$55 million in fuel costs and \$109.9 million in purchased power costs in February 2021. However, Evergy Metro, Inc. also had

²⁷ Order Directing Appearances, In re Cause of the Feb. 2021 Cold Weather Event and its Impact on Investor Owned Utilities, No. AO-2021-0264 (Mar. 11, 2021).

²⁸ FERC, NERC to Open Joint Inquiry into 2021 Cold Weather Grid Operations, FERC News Release R21-18 (Feb. 16, 2021).

off-system sales revenue of \$200.8 million. When this amount is factored in and compared to the three-year average baseline, Evergy Metro, Inc.'s total energy costs and off-system sales for February 2021 were \$56.8 million less than its February 2018-2020 average of fuel, purchased power costs and off-system sales. After applying the Commission's current cost allocation methodology to Evergy Metro's Missouri jurisdiction, a benefit resulted for Evergy Missouri Metro customers of \$32.0 million.

29. Given the extraordinary consequences of Winter Storm Uri, Evergy Missouri West should be allowed to defer its extraordinary expenses of \$297.3 million and related carrying costs as a regulatory asset pursuant to an AAO, subject to adjustments based on resettlements and any other valid charges. Consistent with this request, Evergy Missouri Metro's jurisdictional share of unexpected revenues of \$32.0 million should be deferred as a regulatory liability pursuant to an AAO, subject to the same adjustments.

30. The Company opposes the initial use of the Fuel Adjustment Clauses of Evergy Missouri Metro and Evergy Missouri West to address these circumstances.

31. Allowing any portion of Evergy Missouri West's \$297.3 million in costs to be recovered from customers under its Fuel Adjustment Clause ("FAC") would ignore the extraordinary and unusual nature of Winter Storm Uri, and have a significant, negative impact on customers. Instead, Evergy Missouri West is seeking approval to defer the entire amount of extraordinary costs above a three-year baseline in an AAO. Once the amount has been approved for deferral in this case, the Company expects to utilize the recently passed Missouri securitization legislation (House Bill 734) to address these "qualified extraordinary costs" after it is signed into law by the Governor. At the conclusion of the AAO, Evergy Missouri Metro expects to flow the benefits through the next available FAC. Although using the FAC to flow back Evergy Missouri Metro's over-collected amounts to customers under customary operation of the FAC, without the

Commission granting an AAO as requested here, would provide a reduction in their rates, such action would similarly overlook the extraordinary and unusual nature of Winter Storm Uri. This customary operation of the FAC would not address consideration of the 5% impact for customers or the extraordinary impact that the cost allocation methodology differences between Missouri and Kansas would have on Evergy Metro if not addressed.

32. As noted, treating these costs under an FAC as traditionally utilized is not appropriate given the five percent (5%) “sharing mechanism” contained in the tariffs of both Evergy Missouri West and Evergy Missouri Metro. Because the Commission has stated that its purpose is to provide a utility with an incentive to control costs,²⁹ the sharing mechanism is irrelevant to the costs, revenues, and financial effects of Winter Storm Uri which was an extraordinary event that was abnormal and significantly different from the ordinary and typical events that a utility encounters.

33. Additionally, as noted, because the Commission and the Kansas Corporation Commission (“KCC”) have adopted different cost allocation methodologies related to off-system sales revenues that are credited to customers through the fuel adjustment clauses applicable to Evergy Metro, Inc. which operates in both Missouri and Kansas, Evergy Missouri Metro requests this Commission to authorize an adjustment to the regulatory liability recorded in this case as a result of Winter Storm Uri. Both the PSC and the KCC have recognized in earlier proceedings that their respective methodologies prevent Evergy Metro, Inc. from recovering costs that have been found to be prudent, just and reasonable.

²⁹ Report & Order at 29, In re Kansas City Power & Light Co. Request to Implement a Gen'l Rate Increase, No. ER-2016-0285 (May 3, 2017).

34. As a result of the conflict between the methodologies, Evergy Missouri Metro and Evergy Kansas Metro customers would receive a “windfall” credit for off-system sales revenues that Evergy Metro, Inc. did not receive. Because Winter Storm Uri caused an extraordinary amount of such revenue being attributed to the operations of Evergy Metro, Inc., the credit provided to its customers in Missouri and Kansas would total approximately 107% of its actual off-system sales revenue under existing cost allocation methodologies if not addressed by this Commission and the KCC in Evergy Metro, Inc.’s deferral requests. Evergy Missouri Metro proposes an adjustment that will appropriately correct this situation in an amount that reflects the under-recovery that should be allocated to Missouri customers. Evergy Kansas Metro is proposing a similar adjustment in Kansas so that the total amount refunded to Evergy Metro, Inc. customers across both states will be 100% of the actual off-system sales revenues. As discussed in the Direct Testimony of Darrin Ives, Evergy Missouri Metro and Evergy Kansas Metro will propose a solution to correct the problem on a prospective basis in the next general rate cases in Missouri and Kansas.

III. Legal Authority

35. In evaluating what actions should be taken regarding unexpected costs incurred as a result of extraordinary and unusual events, the Commission follows its interpretation of the guidance provided by the Uniform System of Accounts (“USOA”), 18 C.F.R. Part 101, which Missouri electric utilities are required to follow under 20 CSR 4240-20.030(1).³⁰ General Instruction 7 of the USOA states that “extraordinary items” relate to the “effects of events ... which have occurred during the current period and which are of unusual nature and infrequent occurrence.” These events must be “of significant effect which are abnormal and significantly

³⁰ Kansas City Power & Light Co. v. PSC, 509 S.W.3d 757, 769-70 (Mo. App. W.D. 2016).

different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future.”³¹

36. Although the Commission has consulted General Instruction 7 in its decisions regarding whether to authorize an AAO, its determination whether “extraordinary” expenses are eligible for deferral accounting is a “policy decision” and does not require a demonstration of a specific degree of financial impact or materiality regarding a utility’s income.³²

37. The Commission also has the power to prescribe methods of accounting under Section 393.140(4) and to order the accounts “in which particular outlays and receipts shall be entered, charged or credited” under Section 393.140(8).

38. The Commission has recognized that it is appropriate to allow a utility to defer into a regulatory asset those costs that are associated with providing reliable electric service during extraordinary events, including natural disasters. “Expenses arising from extraordinary events, such as major storms or floods, may not be anticipated by or reflected in rates. ... AAOs may be used in the Commission’s discretion to account for costs and savings associated with extraordinary events. Natural disasters, such as destructive storms and floods, are often referenced as examples of such extraordinary events. Such events may require unanticipated costs to enable utilities to provide safe and reliable service.”³³ See In re Empire Dist. Elec. Co., No. EU-2011-0387, Order Approving Stipulation & Agmt. at 2-4 (Nov. 30, 2011) (Joplin tornado); In re Union Elec. Co., No. EU-2008-0141, Order Approving Stipulation & Agmt. (Apr. 30, 2008) (ice storm).

39. The Commission has allowed Missouri utilities to defer and amortize such extraordinary costs, including carrying charges, that are incurred to deal with the effects of natural

³¹ In re Spire Missouri, Inc., Report & Order at 14, No. GU-2019-0011 (Mar. 20, 2019).

³² Report & Order at 21-22, In re Applic. of Evergy Mo. Metro and Evergy Mo. West for an AAO related to COVID-19 Expenses, No. EU-2020-0350 (Jan. 13, 2021).

³³ Id. at 9-10 (footnotes omitted).

disasters. In re Southern Union Co., Report & Order at 26, No. GU-2011-0392 (Jan. 25, 2012) (Joplin tornado). This treatment allows utilities the opportunity to recover prudently incurred expenses from customers in a future rate case. Missouri Gas Energy v. PSC, 978 S.W.2d 434, 437 (Mo. App. W.D. 1998).

40. Kansas, Oklahoma, and South Dakota have already authorized regulatory assets for utilities to defer impacts related to Winter Storm Uri and other 2020-21 winter storms.

IV. Request for Accounting Authority Order

41. The circumstances that were caused by Winter Storm Uri clearly meet the Commission's standard for approval of an AAO because Winter Storm Uri caused Evergy Missouri West to incur extraordinary costs and Evergy Missouri Metro to receive unusual revenues that are not currently reflected in base rates.

42. Therefore, Evergy Missouri West requests an AAO permitting it to identify, track, document, accumulate, and defer in a regulatory asset its extraordinarily incurred costs and revenues related to Winter Storm Uri, including but not limited to (a) increased costs to purchase natural gas, other fuel resources, and power to meet increased demand and off-system sales revenue (b) non-fuel operating and maintenance expenses related to maintaining utility facilities and equipment; and (c) carrying costs.

43. Evergy Missouri Metro requests an AAO permitting it to identify, track, document, accumulate, and defer in a regulatory liability its extraordinarily incurred revenues and costs related to Winter Storm Uri, including but not limited to (a) increased costs to purchase natural gas, other fuel resources and power to meet increase demand, and off-system sales revenue (b) non-fuel operating and maintenance expenses related to maintaining utility facilities and equipment; (c) jurisdictional allocations that credit customers for off-system sales in excess of actual revenues and (d) carrying costs.

44. These items will be tracked and deferred with recovery to be addressed by the Commission in future proceedings of Evergy Missouri Metro and Evergy Missouri West. Carrying costs will be calculated using each utility's respective cost of capital plus applicable taxes, as determined in its most recent rate case.

45. Evergy agrees to track all specific expenses, revenues, and other financial impacts included in the regulatory asset and the regulatory liability, and to retain all appropriate documents supporting those calculations for the Commission's consideration in the next general rate cases of Evergy Missouri Metro and Evergy Missouri West.

46. In future cases where recovery is addressed the Commission will have a full opportunity to review Winter Storm Uri expenses and revenues for prudence and accuracy, as well as to consider other issues such as the appropriate form and time of recovery (i.e., amortization period) for the approved amount of regulatory assets and liabilities.

47. Evergy requests that the Commission schedule a procedural conference soon after the intervention period closes in this case for the purpose of allowing the parties to discuss whether the requests in this Application may be resolved by agreement and whether a procedural schedule is needed. If a procedural schedule is needed, Evergy Missouri Metro and Evergy Missouri West request that the Commission endeavor to issue an order no later than December 15, 2021, as the results of this proceeding will impact Evergy's financial books for calendar year 2021.

48. Finally, as the Commission is aware, the General Assembly truly agreed and finally passed House Bill No. 734 ("House Bill 734") on May 13, 2021 which contained significant new provisions that allow electrical corporations to rely on securitization principles to obtain financing orders authorizing the recovery of "energy transition costs" and "qualified extraordinary costs." House Bill 734 defines these latter costs in Section 393.1700.1(13) as being of "an extraordinary nature which would cause extreme customer impacts if reflected in retail customer rates recovered

through customary ratemaking, such as but not limited to those related to purchases of fuel or power, inclusive of carrying charges, during anomalous winter events;” Evergy believes that Governor Parson will sign House Bill 734 into law this summer.

49. Because the costs of Evergy Missouri West caused by Winter Storm Uri are qualified extraordinary costs, Evergy may request that the Commission rely on the securitization principles of House Bill 734 once they become law to address these issues in a manner which will be more favorable to customers than the more traditional and customary rate recovery procedures used for costs deferred pursuant to AAOs. This is more fully described by Evergy witness Ronald A. Klote in his Direct testimony accompanying this Application.

WHEREFORE, Evergy Missouri Metro and Evergy Missouri West request that the Commission grant to each of them authority to track and defer in a regulatory asset or a regulatory liability, as appropriate, all incremental expenses and revenues, including carrying costs, caused by Winter Storm Uri, with recovery of the deferred amounts to be addressed by the Commission in future proceedings. The Company also requests that the Commission issue its order in this proceeding no later than December 15, 2021, to ensure the Company’s financial books can appropriately reflect the Commission’s order in calendar year 2021 results and that the Commission provide any further relief as it deems necessary to approve the Company’s deferral requests.

Respectfully submitted,

/s/ Roger W. Steiner

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**Attorneys for Evergy Missouri Metro and Evergy
Missouri West**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, to the Staff of the Commission and to the Office of the Public Counsel this 30th day of June 2021.

/s/ Roger W. Steiner


**Attorney for Evergy Missouri Metro and Evergy
Missouri West**

VERIFICATION

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

I, Darrin R. Ives, state that I am Vice President of Regulatory Affairs for Evergy Missouri Metro and Evergy Missouri West, that I have reviewed the foregoing pleading, that I am familiar with its contents, that the statements contained therein are true and correct to the best of my knowledge and belief

Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.³⁴



Darrin R. Ives

³⁴ Relying on Section 509.030, the Commission has stated that “any person may file an affidavit in any matter before the Commission without being notarized so long as the affidavit contains the following declaration: ‘Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.’” See Commission Letter to Whom it May Concern (Mar. 24, 2020).



February 2021 Weather and Its Impacts on Missouri

Pat Guinan

State Climatologist

University of Missouri Extension

After what was appearing to be another mild winter for Missouri, Mother Nature had a different plan for February. Early in February, the polar vortex migrated from near the North Pole to southern Canada and the north central U.S. bringing exceptionally cold temperatures and wind chills to the central U.S., from North Dakota to Texas, Figure 1. Temperature departures in Missouri for the 2-week period, February 6-19, 2021, averaged more than 20 degrees below normal, Figure 2, with a statewide average temperature of 10.2°F, Figure 3. Preliminary data indicate it was the coldest 2-week period to impact Missouri in over 30-years.

The last time a colder 2-week period occurred in Missouri was 1989, between Dec 11-24. Statewide temperature departures during the 1989 cold wave were also more than 20 degrees below normal, Figure 4, and the statewide average temperature for the 2-week period was 8.5°F, Figure 5. The coldest 2-week period on record for Missouri occurred during an extreme cold wave in late January and February 1899, when the statewide average temperature for the 2-week period, Jan 31-Feb 13, was a bone-chilling 4.5°F, and chunks of ice were reported flowing from the Mississippi River into the Gulf of Mexico.

Minimum temperatures during the 2021 cold wave occurred during the morning of February 16th, with many locations reporting record-breaking double-digit temperatures below 0°F, especially across the western and northern half of the state, Figure 6. The core of the coldest air impacted western and northern Missouri where a fresh snowpack, clear skies and calm conditions resulted in an extremely cold morning, Table 1. Two locations in northwestern Missouri, Corning (Atchison Co.) and Smithville Lake (Clay Co.) reported morning low temperatures of -26°F on the morning of the 16th.

Seasonably mild days during the beginning and toward the end of February, Figure 7, slightly moderated the overall statewide average temperature for all of February, but it was still a much below average month. Preliminary data indicate a statewide average temperature of 23.5°F, or 10 degrees below the long-term average. It was the coldest February since 1979 and ranked as the 7th coldest February on record, Figure 8. The rankings could change if the month turns out to be slightly cooler than the current estimate.

Even though the two previous months, December and January, were mild, Figure 9, the extreme 2-week cold wave in February resulted in a below average meteorological winter for the Show Me State, and the first cooler than average winter in six years, Figure 10.

Preliminary precipitation data indicated a statewide average monthly total of 1.41 inches, or 0.64 inches below the long-term average. It was the first drier than average February in four years, Figure 11. Lightest monthly totals were generally between 0.5-1.0" and fell over the western half of the state. The precipitation gradient increased heading eastward and southeastward through the rest of the Missouri, ranging from 1-3 inches. Heaviest totals were in the Bootheel, from 3-4 inches. Winter precipitation (Dec-Jan-Feb) was slightly below average, with only January wetter than usual, Figure 12. It was also the first drier than average winter in four years, Figure 13.

The cold weather translated to most precipitation events falling in the form of snow, and above normal snowfall reported statewide, ranging from 6-14 inches for the month, Figure 14. A CoCoRaHS observer just south of Kirksville reported 15.9 inches for February. Visible

satellite pictures taken on February 20, 2021, indicated all of Iowa, Illinois and Missouri under a blanket of snow, an unusual occurrence, Figure 15.

Impacts were numerous with the anomalously cold February temperatures not seen in more than a generation. Energy consumption was unusually high and reflected in consumer's home heating bills. Cold stress on outdoor workers, exposed livestock and pets was unrelenting, especially with wind chills dropping to -30°F. Ranchers were challenged with keeping newborn calves warm, feeding hay and routinely chopping ice-covered ponds for water. Dock damage due to freezing and thawing of ice on lakes was also reported and the extended period of cold weather contributed toward a deeper frost line than usual in the soil with numerous instances of frozen and broken pipes reported.

With spring around the corner, farmers and gardeners are likely thinking about planting. University of Missouri Extension, in collaboration with MU Integrated Pest Management, developed a [Missouri Frost Freeze Probabilities Guide](#). Median dates for the last hard freeze in Missouri ($\leq 24^{\circ}\text{F}$) range from March 4 (extreme southeast Missouri) to April 3 (MO/IA border), Figure 16.

Jump to:

- [Figure 1](#)
- [Figure 2](#)
- [Figure 3](#)
- [Figure 4](#)
- [Figure 5](#)
- [Figure 6](#)
- [Table 1](#)
- [Figure 7](#)
- [Figure 8](#)
- [Figure 9](#)
- [Figure 10](#)
- [Figure 11](#)
- [Figure 12](#)
- [Figure 13](#)
- [Figure 14](#)
- [Figure 15](#)
- [Figure 16](#)
- [Figure 17](#)
- [Figure 18](#)
- [Figure 19](#)
- [Figure 20](#)

Average Temperature (°F) Departure from Mean, February 6-19, 2021

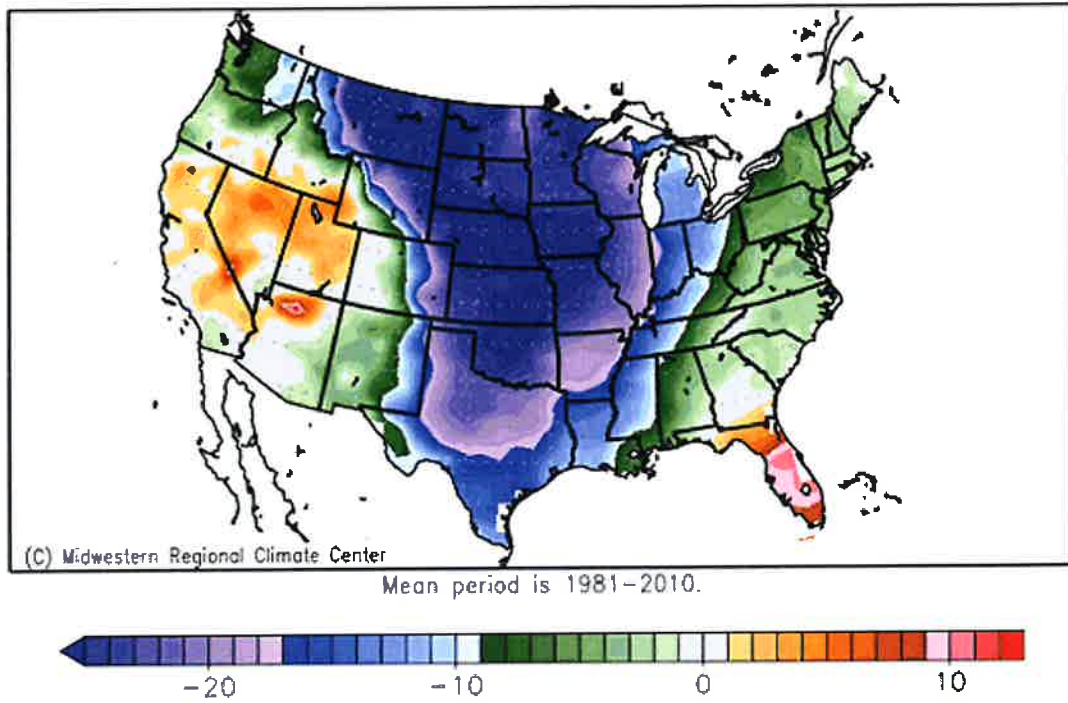


Figure 1.

Average Temperature (°F): Departure from Mean February 6, 2021 to February 19, 2021

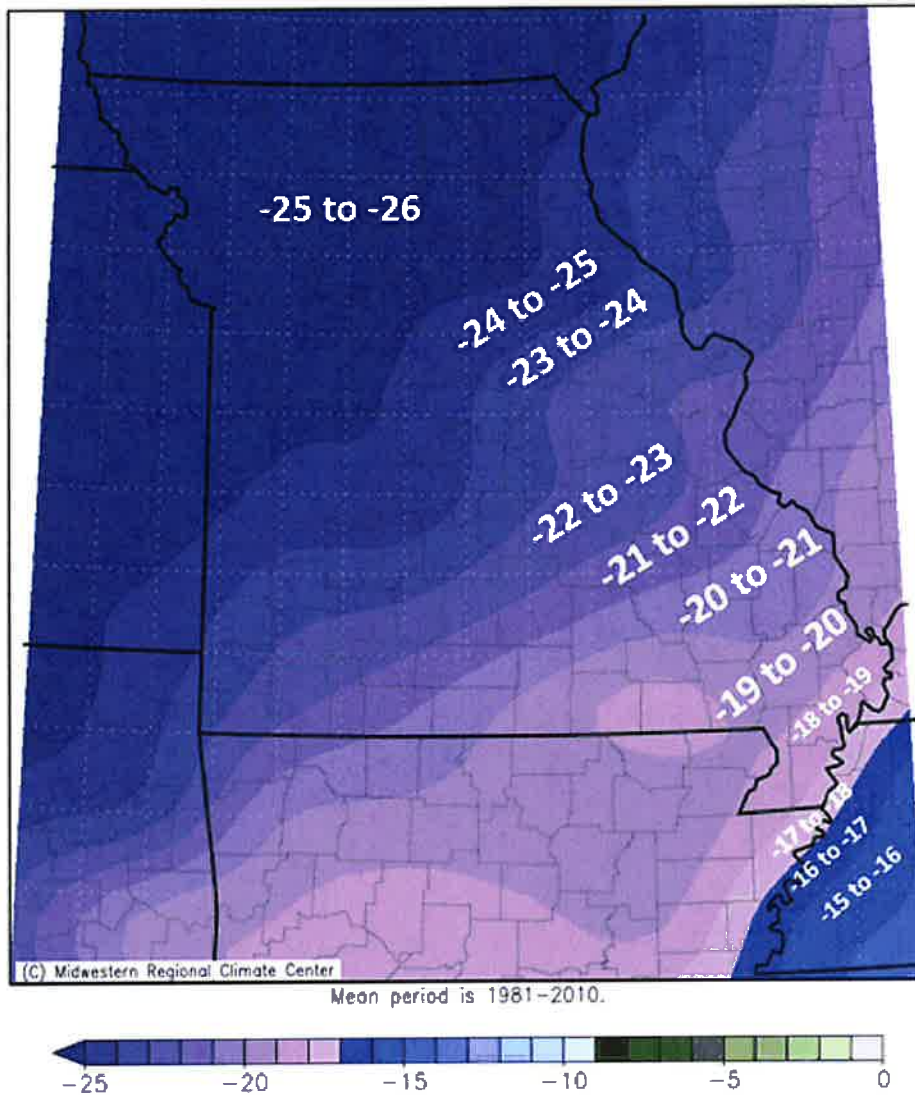


Figure 2.

Average Temperature (°F) February 6, 2021 to February 19, 2021

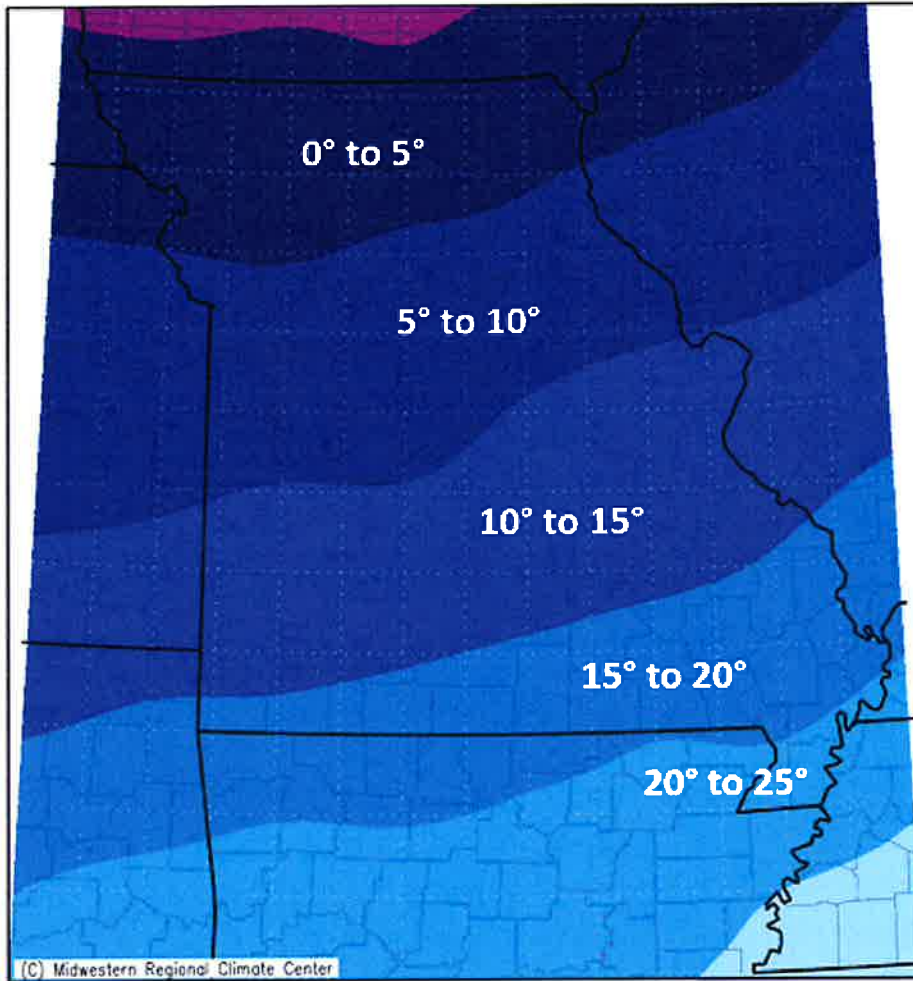


Figure 3.

Evergy Asks Customers to Conserve Electricity

Record-setting cold temperatures across the Midwest have potential to impact power supply

Kansas City, MO – February 14, 2021 – At the request of the Southwest Power Pool (SPP), Evergy is asking customers to conserve electricity use as much as possible through Wednesday, Feb. 17. The SPP, which coordinates the 17-state regional power supply, advises that the region's coldest weather in decades is creating high demand for electricity. At the same time, the extreme weather is driving high demand for natural gas used to heat homes and businesses, straining the gas supply available to generate electricity, and icy conditions have made availability of wind generation uncertain. The SPP has advised that the unprecedented low temperatures across a widespread region creates the potential for electricity shortages and has asked all utilities in the region to encourage customers to reduce electricity usage in order to maintain electricity supply overall and avoid potential power outages.

"Our Evergy employees are working around the clock to manage our power plants and power lines. But even with reliable operations, the extreme cold is driving high demand for electricity and straining natural gas supplies, requiring all the utilities in the region to ask for customers' help in conserving energy until the temperatures warm up later this week," said Kevin Bryant, Evergy's Chief Operating Officer. "Everybody doing their part to save electricity the next few days will help us make sure the power supply continues to best serve the region's needs."

All customers can help, and can lower their bills, by taking the following steps, if they can do so safely:

- Turn thermostats a little cooler (65-68 degrees). Avoid the use of electric space heaters.
- Close blinds and shades to reduce the amount of heat lost through windows.
- Change or clean filters on furnaces.
- Turn off unnecessary lights and appliances in your home.
- When possible, use large appliances (clothes washers, dryers and dishwashers) between 10 p.m. and 5 a.m.
- Reduce air leaks that let cold air in by sealing around doors and windows with weatherstripping or caulk and inserting foam gaskets on electrical switches and outlets.
- Businesses should reduce the use of electric lighting and electricity-consuming equipment as much as possible.
- Large consumers of electricity should consider shutting down or reducing non-essential processes.

Evergy began preparing for the extreme weather early last week by planning for additional fuel needs and increasing 24/7 staffing levels. The proactive preparations have the company's system handling the current demand and well positioned to maintain reliable operations for its contribution to the region's power needs. Evergy has reduced electricity use at its facilities, implemented cold-weather procedures, and adapted operations at its power plants to keep equipment working and fuel available to generate electricity for customers.

Evergy is a member of the Southwest Power Pool, which coordinates the regional transmission grid and wholesale energy markets for the central United States, including Kansas and Missouri.



The SPP monitors power flow through its footprint and coordinates regional response in emergency situations.

About Evergy, Inc.

Evergy, Inc. (NYSE: EVRG) serves approximately 1.6 million customers in Kansas and Missouri. We were formed in 2018 when long-term local energy providers KCP&L and Westar Energy merged. We are a leader in renewable energy, supplying nearly half of the power we provide to homes and businesses from emission-free generation. We support our local communities where we live and work and strive to meet the needs of customers through energy savings and innovative solutions.

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STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 2nd day of July, 2021.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

July 2, 2021

File/Case No. EU-2021-0283

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive style with a large initial "M".

**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.