BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Rate Design Case of Evergy Missouri West, Inc. d/b/a Evergy Missouri West	)))	No. EO-2020-_____

EVERGY MISSOURI WEST RATE DESIGN CASE COMPLIANCE FILING

COMES NOW, Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") and files this *Rate Design Compliance Filing* with the Missouri Public Service Commission ("Commission") and, in support of the filing, states as follows:

1. On September 20, 2016, Evergy Missouri West[1]filed a *Non-Unanimous Stipulation and Agreement* in Case No. ER-2016-0156 ("0156 Stipulation"), which was approved by the Commission's *Order Approving Stipulations and Agreements, Rejecting Tariffs, Cancelling True-Up Hearing, And Ordering Filing of Compliance Tariffs* issued on September 28, 2016 ("0156 Order").

2. As part of the 0156 Stipulation, Evergy Missouri West agreed to:

> 12. OTHER RATE DESIGN ISSUES. […]If GMO does not file a rate case including at least 12 months of resampled consolidated rate billing data by June 30, 2019, it shall file a rate design case by June 30, 2019[[2]] that includes 12 months consolidated rate billing data using the April 30, 2018 resample of load research as the basis of GMO's direct filing.[3]

2. It is the Company's position that this stipulated issue is intended to examine the Commercial and Industrial rates resulting from the ER-2016-0156 case and verify the

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[1] Effective October 7, 2019, Evergy Missouri West, Inc. d/b/a Evergy Missouri West adopted the service territory and tariffs of KCP&L Greater Missouri Operations Company ("GMO").

[2] All parties subsequently agreed that the Company should file its rate design case on June 30, 2020. "KCP&L Greater Missouri Operations Company shall file the rate design case required by the approved 2016 Stipulation and Agreement no later than June 30, 2020." See, *Order Granting Extension to File Rate Design Case*, p.2, Ordering ¶ 2, Docket No. ER-2016-0156, issued May 22, 2019.

[3] See, *0156 Stipulation*, Section 12, pp. 9-10,

consolidation of those rates. This rate design examination is a specific review of the data, analysis, and overall conclusions that support the consolidated rates.

3. Attached as Exhibit A is Evergy Missouri West's rate design case. The case confirms the reasonableness of the 2016 consolidation of GMO Commercial & Industrial rates and does not seek to change any existing rate. As a result, the case is presented in a Report format, providing support for the Company's conclusions.

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

Darrin R. Ives
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5. By filing its Rate Design Case, Evergy Missouri West fulfills its obligations set forth in the 0156 Stipulation mentioned above.

6. Evergy Missouri West also requests a waiver of the 60-day notice provisions of 20 CSR 4240-4.017(1)(D) as the public will not be impacted by a variance of the notice requirement. The verification of Mr. Ives that Evergy Missouri West has had no communication with the Office of the Commission within the prior 150 days regarding any substantive issue likely to arise in this case is attached.

WHEREFORE, Evergy Missouri West requests that the Commission issue an order acknowledging the filing.

Respectfully submitted,

/s/ Roger W. Steiner

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Attorneys for 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 2020.

/s/ Roger W. Steiner

Attorney for Evergy Missouri West

VERIFICATION

COUNTY OF JACKSON)
) SS
STATE OF MISSOURI)

I, Darrin R. Ives, state that I am Vice President of Regulatory Affairs for 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, and that Evergy Missouri West has had no communication with the Office of the Commission within the prior 150 days regarding any substantive issues likely to arise in this case.

Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.[4]

Evergy, Inc.

____
Darrin R. Ives, Declarant

[4] *See* Letter from the Commission, dated March 24, 2020: "[A]ny 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.['] _________________________ Signature of Declarant[.] This guidance applies both to pleadings filed in cases before the Commission and to required annual reports and statements of income."

Evergy Missouri West

Rate Design Report
6/30/2020

Exhibit A

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1 INTRODUCTION & BACKGROUND

During the period examined in this report, the company operated under several names and structures. In 2012, the company was known as KCP&L – Greater Missouri Operations Company ("GMO") and included the Missouri Public Service ("MPS") and St. Joseph Light and Power ("L&P") rate jurisdictions. By 2017, the two rate jurisdictions were consolidated into a single rate jurisdiction under GMO. This structure continued until 2019 when the parent company of GMO, Great Plains Energy, merged with Westar and became known as Evergy. The rate jurisdiction formerly known as GMO was renamed to Evergy Missouri West. To keep the naming clear within this report and synchronized with references in the Commission record, the name applicable to the period being discussed will be used in the following sections of the report. When speaking to this report and analysis, the Evergy name or simply "Company" will be used unless otherwise noted.

This report examines the data, analysis, and overall conclusions that support the 2016 Commercial and Industrial ("C&I") consolidation of rates in compliance to the Missouri Public Service Commission's ("Commission") orders and no changes to rate structures are recommended at this time.

Additionally, this report summarizes the consolidation of MPS and L&P in 2017, addressing:

- What led to the decision to investigate a consolidation?
- What were the indicator(s) of readiness?
- What was the post-consolidation effect on relative price?

1.1 Rate Case Commission Orders

The interest in consolidation of then MPS and L&P operating as two parts of GMO spanned several rate cases. Below, in chronological order, is the evolution of those discussions and how efforts progressed from consolidation in theory to full implementation and to this rate design case.

1.1.1 *GMO 2012 Rate Case*

While the 2016 rate case is when the consolidation of rates was proposed and approved, consideration and discussion around consolidation of the jurisdictions began before 2016 and were extensively discussed in the 2012 rate case. Specific conditions and circumstances facilitated the ultimate decision to move forward with the consolidation of jurisdictions – defining a sense of "readiness." These included:

- Similarities in the rate pricing and structure – particularly in the residential class
  - Relative price per kWh
  - Rate Blocks for energy charges
- Similarities in cost to serve
  - Significant cost events which may bring alignment – i.e., higher Iatan II power plant allocation to L&P drove costs closer together between MPS and L&P
  - Class alignment
- Similarities in revenue requirement

Exhibit A

- Both jurisdictions located in the same state providing the same ratemaking treatment for cost to serve.

For these reasons, it was believed that the relative impacts and potential risk of subsidization was minimal and, collectively, stakeholders moved forward with exploring consolidation. Outside support for consolidation was gained due to the relative similarity in cost to serve residential customers in Missouri Public Service Staff's ("Staff") rate design and cost of service study in their direct filing in GMO's 2012 rate case (Docket No: ER-2012-0175, "2012 rate case"). Staff recommended that GMO:

> ***…prepare and file in its next general rate increase a comprehensive study on the impacts to its retail customers of eliminating the MPS and L&P rate districts and implementing company-wide uniform rate classes, and rates and rate elements for each rate class.***

This was reiterated in the 2012 rate case Stipulation & Agreement ("2012 S&A") dated October 19, 2012, where GMO agreed to:

> ***…perform, prepare and file in its general electric rate case the results of a comprehensive study on the impacts on its retail customers of eliminating the MPS and L&P rate districts and implementing company-wide uniform rate classes, and rates and rate elements for each rate class, taking into account the potential future consolidation of GMO rates with those of KCPL. In this study, GMO will provide a distribution of rate impact on each of its customers of moving from MPS to L&P rate structures, and rate elements, and likewise, from L&P to MPS rate structures, and rate elements. If GMO would prefer a class rate structure that is different from a current MPS or L&P class rate structure, then individual customer impacts should be provided for the rate structure that GMO proposes.***

The relative equality of the residential price per kWh from the compliance filing of the 2012 rate case further served to substantiate the reasonableness, or "readiness," of a consolidation as it would provide an early indication of adverse customer impact and potential pricing subsidization if the relative pricing was too far apart. The detailed analysis demonstrating pricing similarity and the relative closeness in pricing from the compliance filing was as follows

MPS Revenue/kWh from 2012 Case Compliance Filing:			
Class	**Final Revenue**	**Final kWh**	**$$/kWh**
RES	$ 301,622,148.27	2,782,457,630.00	$ 0.10840
SGS	$ 78,931,342.87	766,798,313.00	$ 0.10294
LGS	$ 73,017,856.54	943,983,654.00	$ 0.07735
LPS	$ 88,402,687.19	1,422,061,620.00	$ 0.06217
Total	$ 541,974,034.86	5,915,301,217.00	$ 0.09162

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L&P Revenue/kWh from 2012 Case Compliance Filing:			
Class	**Final Revenue**	**Final kWh**	**$$/kWh**
RES	$ 80,107,175.36	771,492,128.00	$ 0.10383
SGS	$ 14,324,775.42	108,154,382.00	$ 0.13245
LGS	$ 32,683,050.93	375,020,787.00	$ 0.08715
LPS	$ 56,049,998.59	854,749,341.00	$ 0.06557
Total	$ 183,165,000.30	2,109,416,638.00	$ 0.08683

**MPS+L&P Revenues - does not include MEEIA revenues*

MPS vs. L&P $0.10840 - $0.10383 = $0.00457/$0.10840 = approx. 4.2% difference (residential)

L&P vs. MPS $0.10383-$0.10840 = -$0.00457/$0.10383 = approx. -4.4% difference (residential)

MPS vs. L&P $0.09162 - $0.08683 = $0.00479/$0.09162 = approx. 5.2% difference (total)

L&P vs. MPS $0.08683 - $0.09162 = -$0.00479/$0.08683 = approx. -5.5% difference (total)

On April 24 and May 26, 2015, GMO met with representatives of several key stakeholder groups including Staff, Office of Public Council ("OPC"), Midwest Energy Consumers Group ("MECG") and Midwest Industrial Energy Consumers ("MIEC") in Jefferson City. The purpose of these discussions was to share GMO's plans for consolidation, receive feedback from external stakeholders and ultimately collaborate to address the most significant concerns and develop the best approach for consolidation. Once stakeholders understood and agreed with GMO's approach, the emphasis and majority of the time spent was on understanding the impacts to customers via an estimation of targeted revenues by class and calculated bill impacts by customer. These conversations and the extensive analysis performed during these discussions outlined expected revenues by class and bill impacts as the measure of success.

To further confirm the results seen using 2012 rate case Compliance data, detailed analysis was performed using 2012 rate case data at the customer level and the annualized rates effective January 2013 to prove that the average consumer from both L&P and MPS were within an approximate 5% total pricing differential of base rates across all classes[1]:

MPS on L&P Rates	$ MPS using MPS Rts	$ MPS using L&P Rts	Difference	Diff %
RES	$299,375,391	$299,113,882	($261,509)	(0.09%)
SGS	$79,933,530	$97,847,686	$17,194,156	22.41%
LGS	$74,037,448	$80,956,905	$6,919,458	9.35%
LPS	$84,980,324	$85,642,595	$662,271	0.78%
Total	$538,326,693	$563,561,068	$25,234,376	4.69%

[1] *Excerpt from "GMO Consolidation Presentation-May 26, 2015 Meeting" PowerPoint document pgs. 22 and 24 presented to external stakeholders in Jefferson City on May 26, 2015.*

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L&P on MPS Rates	$ L&P using L&P Rts	$ L&P using MPS Rts	Difference	Diff %
RES	$79,256,672	$78,913,562	($341,110)	(0.43%)
SGS	$14,112,439	$11,194,938	($2,917,501)	(20.67%)
LGS	$32,560,978	$31,199,778	($1,361,200)	(4.18%)
LPS	$55,736,698	$52,363,613	($3,373,085)	(6.05%)
Total	$181,664,788	$173,671,892	(7,992,896)	(4.40%)

The relative, average impact percentages were derived from the total differences of comparing every individual customer from the MPS jurisdiction on L&P rates and vice versa (4.69% and -4.40%, respectively) which corresponded closely with the relative price per kWh comparisons (5.2% and -5.5%, respectively) taken at the class level of the separate jurisdictions at the end of the 2012 rate case.

While the residential class and overall impacts continued to show close pricing proximity across the MPS and L&P jurisdictions, some disparity amongst the individual C&I classes was noted. Though the rate classes were similar, rate structures – particularly in the small class – were very different.

1.1.2 *GMO 2016 Rate Case*

In 2016, GMO filed a rate case (Docket No: ER-2016-0156 GMO, "2016 rate case") to consolidate L&P and MPS into a single jurisdiction. Jurisdictional consolidation is typically an advantageous goal for a utility – one set of rules, one set of rates, one method of accounting plus singular reporting present a chance for efficiency and subsequent cost savings. The ability to consolidate is usually limited by operational obstacles – primarily changes to systems and processes, but will often also include legal and regulatory constraints. Consolidation from the customer point of view is not always advantageous and monetary impact is a prominent obstacle.

As first observed in the 2012 rate case, there were several drivers that facilitated agreement by all stakeholders and ultimately the Commission as to the reasonableness and readiness for the Consolidation of L&P and MPS. The most significant driver was the relative pricing proximity and similarity in rate structures of the residential class. As part of that case, it made sense to review C&I rate structures as well and align and consolidate as appropriate. As C&I rate structures had more components and were more disparate, the consolidated C&I rate design resulted in expected (and identified) rate switchers as well as a limited number of impacted outliers whom received advance communication and mitigation credits to help ease the transition to the consolidated rate structures which were approved in the 2016 rate case. During the implementation of the consolidated rates in February 2017, almost 2,000 customer service agreements[2] were assigned to a rate in a different class based on best fit. In addition, over 24,000 customer service agreements moved to a new or different rate within the SGS rate class due to best fit analysis.

[2] *A service agreement represents the customer's contracted service with the Company and where the rate code is recorded which determines the billable components and applicable tariff prices.*

Exhibit A

SGS Class	*L&P*	*MPS*	*Consolidated*
Customer Charge		*X*	*X*
Demand		*X*	*X*
Facilities Demand	*X*		*X*
Energy Blocks	*2 blocks*	*3 blocks*	*3 blocks*
Seasonal Energy		*X*	*X*

As noted previously, the interest and support for consolidation began long before the 2016 case and formally began in the 2012 rate case. In addition to the 2015 stakeholder meeting mentioned above where GMO outlined its plan for the 2016 case, GMO also held a series of meetings and technical conferences leading up to the 2016 rate case filing. There were five meetings prior to the filing of the case where GMO shared the development of the study and how it would be done, and then three technical conferences that were scheduled as a part of the procedural schedule. Additionally, GMO held ten more meetings subsequent to the technical conferences trying to detail the issues and primarily focusing on minimizing any adverse impacts to individual customers. As such, the final comprehensive consolidation that was implemented was the result of extensive collaboration with all stakeholders and incorporated all of their feedback.

The 2016 rate case resulted in a negotiated settlement & agreement that outlined the following:

> ***If GMO does not file a rate case including at least 12 months of resampled consolidated rate billing data by June 30, 2019, it shall file a rate design case by June 30, 2019 that includes 12 months consolidated rate billing data using the April 30, 2018 resample of load research as the basis of GMO's direct filing.***

Given the comprehensive rate consolidation resulting from extensive stakeholder collaboration that was ultimately implemented in the 2016 rate case, the above agreement focused on billing data (or revenues and determinants), as well as load research data resampling as a means of verifying the reasonableness of the rate consolidation.

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1.1.3 *GMO 2018 Rate Case*

On January 30, 2018, GMO filed a rate case (Docket No: ER-2018-0146, "2018 rate case") with a test year ending June 30, 2017. This case contained five months of consolidated billing determinants, but did not use resampled consolidated load research data as outlined in the 2016 rate case S&A. To accommodate the timing and available use of the load research resampling, an extension was requested and approved to move the due date of the rate design case from June 30, 2019 to June 30, 2020. This rate design case is the result of the latter part of the 2016 S&A and uses the year ending December 31, 2018 to include twelve months of consolidated billing determinants adjusted for weather normalization and customer growth utilizing post-stratified load research data under the consolidated resampling – consistent with the preparation of same data for a standard rate case. Had the 2018 rate case contained the 12 months of consolidated billing information and was reflective of the consolidated load research sample redesign, this rate design case would not be necessary.

1.2 Scope Determination

Pre-consolidated residential rates were relatively similar to the resulting consolidated rates and residential customer impacts were predicted and later proven to have been minimal by the consolidation in the 2016 rate case. While residential rates will be considered in this case, the expected focus of this rate design case was to validate that the subsequent consolidation effect of the C&I rates with the introduction of new rate elements produced predicted, post-consolidation results.

The scope was guided by the numerous discussions with stakeholders in technical conferences leading up to the 2016 consolidation case and the focus key revenue metrics emphasized during the 2012 rate case and the 2016 rate case. Those key metrics included estimated revenues by customer by class, relative price per kwh by class, and overall impacts. Verification and validation of these expected results against actuals as a measure of successful consolidation was deemed appropriate.

Lastly, given the expectation that this rate design case not result in a rate increase or decrease for customers overall, no new revenue requirement was prepared as part of this case.

1.3 Class Cost of Service Consideration & Recent Rate Case Observations

The Company reviewed the CCOS studies performed as part of the cases examined in this report with the purpose of evaluating the relative change from case to case and how the consolidation of rates impacted results, specifically the relative rates of return by class. The rate of return is a measure of the return on investment expressed as a percentage. The relative rate of return is a ratio of the class rate of return as compared to the company rate of return.

Starting with the 2012 case, the relative rates of return by class are very similar between L&P and MPS. In 2012, as the Company considered rate design adjustments or revenue shifts by class, the CCOS study results would've revealed similarities, like how the LPS class in both L&P and MPS may be over-contributing relative to their cost. Similarities in the value and relationship to the company rate of return could be seen across all rate classes.

In the 2016 rate case, when the consolidation of rates was proposed and ultimately implemented, the CCOS study results was reflective of consolidated costs and based on the revenues resulting from the "assigned" class before any best fit analysis.[3] For example, if a customer was in the SGS class before consolidation, the customer would be assigned to the SGS class for purposes of consolidation. Review of the rate of return results as compared to the unconsolidated results from 2012 continue to reflect similarities in the value and relationship to the company rate of return could be seen across all rate classes and is primarily attributable to the fact that no class changes were reflected in the 2016 CCOS. Some movement of the rates of return is to be expected as application of the revenue requirement within each case in theory makes some effort to move the classes closer to a relative rate of return of 1.0.

Finally, review of the results of CCOS study produced for the 2018 rate case, a case that reflected seven months of pre-consolidated billing and five months of consolidated billing in the test year, continued similarities are demonstrated in the value and relationship to the Company rates of return as observed in 2012. An expected shift occurred in the rate of return for the C&I classes due to the best fit analysis done during the implementation of the 2016 rate case which moved almost 2,000 C&I customers across classes, manifesting itself most plainly in the Small General Service class where the bulk of the migrating customer moved. Moving customers to their most advantageous rate changed the allocation of cost and revenues with the CCOS. Also, in the 2018 rate case, the Company moved to an Average & Excess methodology for allocation of production plant, changing from the Average & Peak methodology used in the prior CCOS studies. The impact of this allocator change is most pronounced between the Residential and Large Power rate classes.

[3] *The best fit analysis was an examination of individual customer revenues produced under a range of applicable rates. The rate producing the lowest cost was selected and the customer moved accordingly.*

Exhibit A

Historical Rates of Return observed in the last three rate cases:

	Case No: ER-2012-0175				
	TOTAL L&P	**RESIDENTIAL**	**SGS**	**LGS**	**LPS**
RATE OF RETURN	4.94%	4.08%	9.74%	6.75%	4.02%
RELATIVE RATE OF RETURN	1.00	0.83	1.97	1.37	0.81
	TOTAL MPS	**RESIDENTIAL**	**SGS**	**LGS**	**LPS**
RATE OF RETURN	5.629%	5.376%	7.640%	5.890%	4.505%
RELATIVE RATE OF RETURN	1.00	0.96	1.36	1.05	0.80
	Case No: ER-2016-0156				
	TOTAL GMO	**RESIDENTIAL**	**SGS**	**LGS**	**LPS**
RATE OF RETURN	5.81%	5.07%	9.22%	7.65%	4.43%
RELATIVE RATE OF RETURN	1.00	0.87	1.59	1.32	0.76
	Case No: ER-2018-0146				
	TOTAL GMO	**RESIDENTIAL**	**SGS**	**LGS**	**LPS**
RATE OF RETURN	6.91%	5.28%	13.24%	7.43%	8.19%
RELATIVE RATE OF RETURN	1.00	0.76	1.92	1.07	1.18

Note: Lighting and Specialty classes are not denoted separately but are included in the jurisdictional totals.

Based on the information contained in the tables above, the Company observes relative stability of CCOS results, as expressed in the rates of return, in the cases before and after the consolidation of rates. Although not a precise measure, the rate of return could be relied on as an indicative measure. Had a material and unexplained shifting in the value or relationship to the company rates of return been observed, one could question the impact of the consolidation.

A different indication might be achieved by a complete CCOS analysis with all data inputs based on the consolidated costs and revenues for a complete test year period, but Evergy believes this is unlikely and the relative comparison offered here is reasonable. Further, to produce such a study would require the production of a normalized and adjusted revenue requirement determination, which would be inclusive of a change in costs that might include the need for a change of rates that is completely unrelated to the consolidation. The results would then be marred by that fact and make analysis less reliable. Since the Company chose to rely on the measures of success identified in the stakeholder collaboration process in the 2016 rate case, the Company took a very focused view in this rate design case that narrowed in on those measures and validated those expected results. The comparison of existing studies coupled with the verification of key metrics using updated revenues through 2018, was believed to be an appropriate alternate approach. It should be noted that costs to serve and the resulting rates of return reflecting consolidation were reviewed in the 2018 rate case and will continue to be evaluated on a regular basis and in significant detail during all future general rate cases. In evaluating this analysis, Evergy observes

Exhibit A

that the consolidation of rates was reasonable and successful, producing expected results. Evergy does not recommend any changes to the rate structures used for the C&I rates based on this result.

2 COMPARISONS AND ANALYSIS

2.1 Data Inputs and Preparation Process

The Process for gathering the data inputs supporting the rate design case largely followed the general rate case process. It consists of load research, compiling test year billed revenues and applying weather normalization, customer growth, energy efficiency and annualized pricing adjustments.

2.1.1 *Load Research*

As part of 2016 rate case S&A, it was agreed:

> ***…GMO will do appropriate load research of the consolidated classes with new sampling meters determined no later than April 30, 2018, and make good faith efforts to have the sampling meters installed and operational by July 1, 2018.[4]***

Sample designs for the GMO non-census (Residential General Use, Residential Space Heating, Small General Service, and Large General Service) classes were completed by April 30, 2018. Sample points selected that had Advanced Metering Infrastructure ("AMI") meters were flagged for load research purposes starting May 1, 2018. Probe meter installations for the non-AMI new sample point sites were completed by June 30, 2018 except for one probed site which was installed July 12, 2018. Analysis of the 2018 load research data was performed using the new 2018 sample designs. Older sample points from the previous 2013 sample designs were post-stratified starting with the January 2018 analysis and continued until all new sample points were actively collecting interval data, at which time the older sample points were removed from the analysis. This post-stratification process resulted in no gaps in the load research data and allowed for all 2018 load research analyses to be performed utilizing the new 2018 sample designs.

The new consolidated sample designs were reflective of more homogeneous classes than were exhibited in previous non-consolidated MPS and L&P designs. This was seen in creating the new designs, where none of the classes required special or census strata as they had in the past. The special or census strata are typically needed in sample designs where there are class sub-population groups that may be significantly different than others in that class. The new 2018 sample designs did not require those special treatments.

Consistent with the S&A and subsequent Commission order, this rate design case included the new sample redesign for load research to reflect the full consolidation between MPS and L&P. This new

[4] *Rate Case ER-2016-0156 Non-unanimous Stipulation and Agreement, page 10.*

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sample design and the resulting load research analysis was the foundation for weather normalization and customer growth.

2.1.2 *Billed Revenues – Normalized and Annualized*

The test year used by the Company in this case was the 12 months ending December 31, 2018. This test year is inclusive of 12 months of consolidated billing history. The monthly bill frequencies for the 12 months ending December 31, 2018, that contain the billing units for each of the billing blocks for the various rate components, were developed by collecting the actual usage and customer counts billed in each month of the test period and applying them to the existing rate structures. By applying the existing rates to the usage in each of the billing blocks, the revenues were reproduced, providing a basis for determining the overall revenues to be used in this case. The Company determined monthly revenues by applying the normalized sales, customer growth and energy efficiency for each month represented in the test period to the corresponding billing frequency. The weather-normalized kilowatt-hour ("kWh") sales and customer growth levels by rate class were developed by the Load Forecasting group and prepared just as they would be prepared in a general rate case. The normalized sales and customer levels from this were adjusted for energy efficiency and then multiplied by the rates that took effect on December 6, 2018 to obtain the normalized and annualized monthly revenues.

The Large Power class revenues generally followed the methodology outlined above but were developed on an individual customer basis. Customer growth was accounted for by the annualization of usage for new customers switching (or starting new service) to the Large Power Class or customers leaving the Large Power Class (either due to switching or stopping service) through the end of the test year period. This follows standard rate case processes.

The data needed for comparison pre-consolidation, consolidation and post-consolidation is now ready:

- Compliance filing revenues and kWh from 2010, 2012, 2016 and 2018 rate cases
- January through December 2018 billing data
  - Normalized using resampled load research data and adjusted for growth, rate switchers and energy efficiency
  - Annualized using rates effective from the 2018 rate case

Exhibit A

2.2 Analysis #1 – Average $$/kWh

Applying the same measurement for reasonableness used for the residential class consolidation – comparing the relative price per kWh (from the base tariffs) – painted a clear and easy visual showing similarity through the progression of rate cases. Consistency of the average price per kWh over time would be a reasonable demonstration of rate stability and validation of the change in C&I rate structure when comparing pre-consolidation and post-consolidation ratios. Using past rate case compliance filings for both base revenue by class and total kWh from 2010 through 2018 along with normalized, annualized base revenue and kWh for calendar year 2018, the trends by class show consistency and stability over a spectrum of pre-consolidation to post-consolidation:

Pre-consolidation 2010 rate case (Docket No: ER-2010-0356, "2010 rate case"):

Revenue/kWh from 2010 Case Compliance Filing:			
Class	**Final Revenue***	**Final kWh**	**$$/kWh**
RES	$ 361,367,067.49	3,561,333,974.25	$ 0.10147
SGS	$ 90,851,532.25	904,430,205.56	$ 0.10045
LGS	$ 99,476,699.64	1,325,446,074.98	$ 0.07505
LPS	$ 131,937,097.37	2,196,606,101.27	$ 0.06006
Total	$ 683,632,396.75	7,987,816,356.07	$ 0.08558

**MPS+L&P Revenues (does not include riders or curtailment)*

Pre-consolidation 2012 rate case – average award % = 2.7014%:

Revenue/kWh from 2012 Case Compliance Filing:			
Class	**Final Revenue***	**Final kWh**	**$$/kWh**
RES	$ 381,729,323.63	3,553,949,758.00	$ 0.10741
SGS	$ 93,256,118.28	874,952,695.00	$ 0.10658
LGS	$ 105,700,907.47	1,319,004,441.00	$ 0.08014
LPS	$ 144,452,685.77	2,276,810,961.00	$ 0.06345
Total	$ 725,139,035.15	8,024,717,855.00	$ 0.09036

**MPS+L&P Revenues (does not include MEEIA revenues, riders or curtailment)*

Consolidation (2016 rate case) – average award % = 0.4154%:

Revenue/kWh from 2016 Case Compliance Filing:			
Class	**Final Revenue after Mitigation***	**Final kWh**	**$$/kWh**
RES	$ 375,302,310.44	3,471,718,082.65	$ 0.10810
SGS**	$ 100,160,213.42	975,600,005.00	$ 0.10267
LGS	$ 110,212,593.66	1,379,332,831.70	$ 0.07990
LPS	$ 142,073,791.62	2,216,958,595.44	$ 0.06409
Total	$ 727,748,909.14	8,043,609,514.79	$ 0.09048

**Does not include riders or curtailment*

***SGS class $$/kWh is affected by a one-time mitigation credit as well as a switcher credit which was applied to the final rate case settlement.*

Post-consolidation 2018 rate case – average award % = -3.2225%:

Revenue/kWh from 2018 Case Compliance Filing:			
Class	**Final Revenue***	**Final kWh**	**$$/kWh**
RES	$ 369,467,589.31	3,460,775,282.68	$ 0.10676
SGS	$ 115,092,632.24	1,166,411,321.17	$ 0.09867
LGS	$ 95,989,013.19	1,259,931,380.45	$ 0.07619
LPS	$ 126,534,929.70	2,060,228,862.21	$ 0.06142
Total	$ 707,084,164.44	7,947,346,846.51	$ 0.08897

**Does not include riders or curtailment*

Post-consolidation Annualized/Normalized Revenues YE 20181231:

Revenue/kWh from YE 20181231 Normalized and Annualized**			
Class	**Revenue***	**kWh**	**$$/kWh**
RES	$ 368,138,782.30	3,518,442,395.00	$ 0.10463
SGS	$ 114,598,930.53	1,173,175,147.00	$ 0.09768
LGS	$ 95,461,763.70	1,269,243,626.00	$ 0.07521
LPS	$ 122,447,848.84	2,030,363,437.54	$ 0.06031
Total	$ 700,647,325.37	7,991,224,605.54	$ 0.08768

**Does not include riders or curtailment*

***Annualized using 2018 approved rates*

Exhibit A

In comparing the average price/kWh from the compliance filings from the 2010 rate case through the 2018 rate case, the relative price/kWh for each of the C&I rate classes falls in line after applying the average award percentage from the prior rate case. While some variation is expected since the average award is not always applied equally across all billing determinants due to settlement negotiations, the comparison is quite reasonable as shown side-by-side with the average awarded percentages:

Avg $$/kWh

Class	2010	2012	2016	2018	YE20181231
RES	$0.10147	$0.10741	$0.10810	$0.10676	$ 0.10463
SGS	$0.10045	$0.10658	$0.10267	$0.09867	$ 0.09768
LGS	$0.07505	$0.08014	$0.07990	$0.07619	$ 0.07521
LPS	$0.06006	$0.06345	$0.06409	$0.06142	$ 0.06031
Total	$0.08558	$0.09036	$0.09048	$0.08897	$ 0.08768

% Difference Year Over Year

RES	0.0000%	5.8543%	0.6451%	-1.2434%	-1.9928%
SGS	0.0000%	6.1049%	-3.6768%	-3.8892%	-1.0030%
LGS	0.0000%	6.7759%	-0.2921%	-4.6518%	-1.2789%
LPS	0.0000%	5.6292%	1.0085%	-4.1618%	-1.8066%
Total	0.0000%	5.5837%	0.1242%	-1.6627%	-1.4544%
Awarded %	0.0000%	4.1677%	0.4154%	-3.2225%	

Note: While the residential class is not the focus for the overall study, it is worthwhile to observe that the updated residential $$/kWh appears reasonable comparing pre-consolidation relative pricing through year-end 2018.

In evaluating this analysis, Evergy observes that the consolidation of rates was reasonable and successful, producing expected results. Evergy does not recommend any changes to the rate structures used for the C&I rates based on this result.

Exhibit A

2.3 Analysis #2 – Non-Energy $$/kWh

Since pre-consolidation C&I rates contained mismatches in billing determinant types versus post-consolidation, it was not feasible to run a valid, consistent comparison by individual billing determinant, so a split was made to add revenues for all non-energy components to compare non-energy price per kWh. Non-energy revenues contain customer charge, facilities demand, peak demand, reactive demand and primary discount rider.

Avg Non-Energy $$/kWh

Class	2010	2012	2016	2018	YE20181231
RES					
SGS	$0.02105	$0.01906	$0.02176	$0.02076	$ 0.02063
LGS	$0.01340	$0.01466	$0.01246	$0.01130	$ 0.01103
LPS	$0.01488	$0.01583	$0.02029	$0.01919	$ 0.01881
Total					

% Diff Year Over Year

RES					
SGS	0.0000%	-9.4282%	14.1790%	-4.5976%	-0.6578%
LGS	0.0000%	9.4080%	-15.0040%	-9.3312%	-2.4176%
LPS	0.0000%	6.4367%	28.1218%	-5.4132%	-1.9792%
Total					
Awarded %	0.0000%	4.1677%	0.4154%	-3.2225%	

It should be noted that since the non-energy $$/kWh are very low – hovering between the $0.01 and $0.02 range – and rate case awards are not applied equally to all billing determinants due to negotiated settlements, the percentage difference for fractional cents seems misleading – if the above table is restated using "$$ Difference Year Over Year", the differences are in the "thousandths of a cent":

$$ Difference Year Over Year

RES					
SGS	-	$ (0.0020)	$ 0.0027	$ (0.0010)	$ (0.0001)
LGS	-	$ 0.0013	$ (0.0022)	$ (0.0012)	$ (0.0003)
LPS	-	$ 0.0010	$ 0.0045	$ (0.0011)	$ (0.0004)
Total					
Awarded %	0.0000%	4.1677%	0.4154%	-3.2225%	

In evaluating this analysis, Evergy observes that the consolidation of rates was reasonable and successful, producing expected results. Evergy does not recommend any changes to the rate structures used for the C&I rates based on this result.

Exhibit A

2.4 Analysis #3 – Energy $$/kWh

As explained in section 2.3, an additional comparison was run showing the energy revenues over time using the same corresponding kWh. Energy revenues consist of any revenues contained in the energy and seasonal kWh blocks only:

Avg Energy Only $$/kWh

Class	2010	2012	2016	2018	YE20181231
RES					
SGS	$0.07941	$0.08412	$0.08090	$0.07791	$ 0.07709
LGS	$0.06165	$0.06547	$0.06744	$0.06507	$ 0.06485
LPS	$0.04519	$0.04761	$0.04334	$0.04224	$ 0.04170
Total					

% Difference Year Over Year

RES					
SGS	0.0000%	5.9337%	-3.8232%	-3.7007%	-1.0461%
LGS	0.0000%	6.2042%	3.0035%	-3.5207%	-0.3306%
LPS	0.0000%	5.3630%	-8.9758%	-2.5176%	-1.2828%
Total					
Awarded %	0.0000%	4.1677%	0.4154%	-3.2225%	

As with the non-energy relative price per kWh, the differences year over year may look somewhat significant by percentage, but the actual pricing differences are in the "ten-thousandths of a cent":

$$ Diff Year Over Year

RES					
SGS	-	$ 0.0047	$ (0.0032)	$ (0.0030)	$ (0.0008)
LGS	-	$ 0.0038	$ 0.0020	$ (0.0024)	$ (0.0002)
LPS	-	$ 0.0024	$ (0.0043)	$ (0.0011)	$ (0.0005)
Total					
Awarded %	0.0000%	4.1677%	0.4154%	-3.2225%	

In evaluating this analysis, Evergy observes that the consolidation of rates was reasonable and successful, producing expected results. Evergy does not recommend any changes to the rate structures used for the C&I rates based on this result.

3 CONCLUSION

The purpose of this rate design case and the analysis performed herein was to confirm the reasonableness of the 2016 consolidation of C&I rates. Evergy's rate design case focuses on analysis and the measures deemed important by all stakeholders in the 2016 rate case.

The 2018 GMO rate case also reviewed consolidated C&I rate structures, including costs, revenues, and billing determinants. Evergy will continue to monitor the impacts of consolidation in future rate cases and adjust rates and structures accordingly. The 2018 rate case also resulted in several studies that will undoubtedly impact and influence further review and adjustment in the next rate case. Some of these will be influenced by analysis and/or policy considerations or both. Evergy looks forward to further evolving their rate designs that were made more streamlined by this consolidation.

However, this rate design case was much more straight-forward and clear in scope and expectation. Using the measures of success determined by GMO and stakeholders during the 2016 case, the relative pricing for each class was determined to be the optimal measure for the visualization of the consolidation impact. Additionally, using total kWh by class provided a consistent basis to compare relative pricing on a continuum from pre-consolidation through a full year of consolidation. Lastly, the further breakout and comparison between non-energy and energy relative pricing using the same kWh basis over time provided another view. Ultimately using 12 months of consolidated billing history and a new load research sample reflective of consolidated rate classes and structures, all analysis of consolidation demonstrated that the post-consolidation effect on the C&I class was as expected. As such, Evergy concludes that the 2016 consolidation of rates was reasonable and successful. Further, Evergy does not recommend any changes to the rate structures used for the C&I rates at this time. Modifications and enhancements may be considered in future rate cases, but there is no evidence of needed change observed at this time.