Exhibit No. 270P

MoPSC Staff – Exhibit 270P
Antonija Nieto
Surrebuttal & True-up Direct Testimony
File Nos. ER-2022-0129 & ER-2022-0130

Exhibit No.:
Issue(s): *Accounts Receivable Bank Fees, Insurance Expense, Injuries & Damages, Income Eligible Weatherization, Prepayments True-Up Adjustments*
Witness: *Antonija Nieto*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal and True-Up Direct Testimony*
Case Nos.: *ER-2022-0129 and ER-2022-0130*
Date Testimony Prepared: *August 16, 2022*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

SURREBUTTAL AND TRUE-UP DIRECT TESTIMONY

OF

ANTONIJA NIETO

Evergy Metro, Inc., d/b/a Evergy Missouri Metro
Case No. ER-2022-0129

Evergy Missouri West, Inc., d/b/a Evergy Missouri West
Case No. ER-2022-0130

Jefferson City, Missouri
August 2022

****** Denotes Confidential Information ******

TABLE OF CONTENTS OF

SURREBUTTAL AND TRUE-UP DIRECT TESTIMONY

OF

ANTONIJA NIETO

Evergy Metro, Inc., d/b/a Evergy Missouri Metro
Case No. ER-2022-0129

Evergy Missouri West, Inc., d/b/a Evergy Missouri West
Case No. ER-2022-0130

SURREBUTTAL/TRUE-UP DIRECT TESTIMONY

OF

ANTONIJA NIETO

Evergy Metro, Inc., d/b/a Evergy Missouri Metro
Case No. ER-2022-0129

Evergy Missouri West, Inc., d/b/a Evergy Missouri West
Case No. ER-2022-0130

Q. Please state your name and business address.

A. My name is Antonija Nieto. My business address is Fletcher Daniels State Office building, Room 201, 615 East 13th Street, Kansas City, MO 64106.

Q. By whom are you employed and in what capacity?

A. I am a Senior Utility Regulatory Auditor with Missouri Public Service Commission ("MPSC or Commission").

Q. Are you the same Antonija Nieto who filed direct testimony in these cases on June 8, 2022?

A. Yes.

EXECUTIVE SUMMARY

Q. What is the purpose of your surrebuttal/true-up direct testimony?

A. The purpose of my surrebuttal testimony is to provide a response to Evergy Missouri Metro ("Evergy Metro") and Evergy Missouri West ("Evergy West") witness Linda Nunn's rebuttal testimony regarding prepayments, insurance premiums, injuries and damages, income eligible weatherization, and accounts receivable bank fees. I will also respond to Evergy Metro and Evergy West witness Jason Klindt's rebuttal testimony concerning Edison Electric Institute ("EEI") dues. Additionally, I will list items I adjusted as of May 31, 2022, the true-up date in this case.

ACCOUNTS RECEIVABLE BANK FEES

Q. How did Staff account for accounts receivable bank fees ("bank fees")?

A. In its direct filing on June 8, 2022, Staff annualized bank fees based on actual costs incurred using the 12 months ending December 31, 2021.

Q. Does the Company agree with the methodology that Staff used to annualize bank fees?

A. No. On page 9 of Ms. Nunn's rebuttal testimony, she disagrees with Staff's methodology and recommends an annualization of bank fees based on the most recent month of the filing period.[1]

Q. Does Staff agree with the Company's position?

A. Yes. In its direct filing, Staff recommended annualizing bank fees based on actual 12-month data, as there was no clear trend recognized. During the true-up, Staff reviewed additional 5 months of bank fees data and recognized a noticeable increase in these costs. Considering the current economic environment with interest rates on the rise and with no expectation of them falling in the near future, Staff agrees with the Company's position of annualizing bank fees based on the most recent month of the filing period. In the true-up, Staff recommends an annualized level of bank fees based on the actual costs incurred for the month of May 2022, the end of the true-up period in this case.

[1] Case Nos. ER-2022-0129 and ER-2022-0130, Linda J. Nunn, Rebuttal Testimony, page 9.

INSURANCE EXPENSE

Q. Describe the issue with insurance expense.

A. Evergy witness Nunn disagrees with Staff's annualized level of insurance expense based on the 12 months ending December 31, 2021, and recommends that insurance expense should be annualized using the actual insurance premiums in place as of the true-up date, May 31, 2022.[2]

Q. Does Staff agree?

A. Yes. Staff intended to use the last known actual insurance premiums to annualize insurance expense in direct. However, Staff included actual expense for the twelve months ended December 31, 2021, in error. For the true-up, Staff's recommended treatment of insurance expense is to include an annualized level of insurance costs based on current insurance premiums as of May 31, 2022, and to allocate an appropriate portion of the expense to Evergy Metro and Evergy West.

INJURIES AND DAMAGES

Q. Please describe Staff's approach to injuries and damages in its direct filing.

A. Staff normalized Evergy Metro's and Evergy West's injuries and damages by using a four-year average (2018-2021) of actual cash payments made by Evergy Metro and Evergy West. Staff offset the total cash payments made by Evergy Metro in 2019 with an insurance reimbursement received by Evergy Metro that year of approximately ** [redacted] **. Total cash payments net of the insurance reimbursements in 2019 were used for Staff's four-year average calculation.

[2] Case Nos. ER-2022-0129 and ER-2022-0130, Linda J. Nunn, Rebuttal Testimony, pages 6-7.

Q. How does Staff's approach differ from the Company?

A. The Company proposes using a three-year average of injuries and damages costs without any offset of the insurance reimbursement received by Evergy Metro. Evergy witness Nunn states in her rebuttal testimony: "…, the Company has paid more than the amounts collected in rates even when considering the settlement payments received." Additionally, witness Nunn states: "EMM has far under-recovered costs for injuries and damages and should not be penalized for reimbursements collected…"[3]

Q. Does Staff agree with the Company's position of not offsetting the cash payments made by the insurance reimbursements received?

A. No. The ratepayers are responsible for paying all the insurance premiums expense incurred and the cash payments made for injuries and damages claims. The ratepayers, not only the Company, should benefit from insurance reimbursements received and those insurance reimbursements received should offset that period's cash payments made. It is Staff's position that, in order to develop a normalized level of injuries and damages expense, it is important to mitigate the costs incurred by the ratepayers by offsetting them with insurance reimbursements received by the Company. The injuries and damages costs with the reimbursements are the true net expense to the Company.

Q. Does Staff agree with the Company's proposal of using a three-year average for setting injuries and damages ongoing costs?

continued on next page

[3] Case Nos. ER-2022-0129 and ER-2022-0130, Linda J. Nunn, Rebuttal Testimony, pages 6-7.

A. No. The table below summarizes the level of payments made by Evergy Metro since its last rate case:

**

[redacted]

**

As seen in the table, payments made in 2019 are significantly higher compared to the other three years. For some of the claims paid in 2019, Evergy Metro received an insurance reimbursement totaling ** [redacted] **. Staff offset the cash payments made by Evergy Metro in 2019 by the insurance reimbursement received by Evergy Metro, bringing the total injuries and damages cash payments for 2019 down to ** [redacted] **. Even with insurance reimbursement netting the 2019 cash payments made to approximate ** [redacted] **, 2019 cash payments are still significant compared to the other three years. Staff's position is that using a four-year average, offset by the insurance reimbursement recoveries, best represents future Evergy Metro's injuries and damages costs.

INCOME ELIGIBLE WEATHERIZATION ("IEW") PROGRAM – ACCOUNTING TREATMENT

Q. What is Staff's approach to accounting for Income Eligible Weatherization program?

A. In direct filing, Staff compared the total funding Evergy Metro and Evergy West collected from customers through rates for IEW program through December 31, 2021, and the total funding to the actual IEW costs over the same period. Unspent funds in the IEW program amounted to approximately $1.19 million at December 31, 2021, Evergy Metro and Evergy West combined. Staff included the IEW program liability as a deduction to Evergy Metro's and Evergy West's rate base. Additionally, Staff adjusted amortization of unspent funds over a four-year period.

Q. Did Staff adjust IEW costs through May 31, 2022?

A. Yes. At May 31, 2022, the balance of unspent funds in the IEW program is approximately $1.5 million.

Q. Does the Company have a proposal regarding the regulatory liability created by the unspent funds?

A. Yes, the Company is proposing to transfer these funds to the Company's Dollar Aide program. Please refer to Staff witness Kory Boustead's testimony concerning any policy or program changes in regards to Income Eligible Weatherization.

PREPAYMENTS

Q. How did Staff approach prepayments in its direct filing?

A. Staff examined all of Evergy Metro's and Evergy West's prepayments account balances from December 2020 to December 2021 on a month-by-month basis and determined an appropriate measure that most accurately predicts the ongoing future investment costs of a particular prepayment account. Staff removed EEI dues, Kansas Corporation Commission ("KCC") assessment fees (Evergy Metro only), and

MPSC assessment fees. The appropriate level of prepayments were included in Evergy Metro's and Evergy West's rate base.

Q. How does the Company's position differ from Staff?

A. The Company disagrees with removal of the EEI dues. I discuss Staff's recommendation on EEI dues later in this testimony. Additionally, Company witness Nunn claims: "As for the KCC Assessment fees (EMM only), Ms. Nieto removed the fees at 100% then allocated the remaining prepayments between Missouri and Kansas thus eliminating a portion of those fees twice."[4]

Q. Does Staff agree with Mrs. Nunn's claims?

A. No. Staff met with the Company on this issue in an attempt to obtain a better understanding of the Company's concern. It is Staff's understanding that the Company agreed that Staff's adjustment for the KCC assessment is correct.

<u>EDISON ELECTRIC INSTITUTE DUES</u>

Q. Evergy Metro and Evergy West witnesses Nunn and Klindt both disagree with Staff's removal of EEI dues in their rebuttal testimonies. What is the EEI?

A. EEI is a trade association that represents all US investor-owned electric utilities companies. According to the EEI website:[5]

> EEI provides its members with public policy leadership, strategic business intelligence, and essential conferences and forums. EEI will be the best trade association. We will be the best because we are committed to knowing our members and their needs. We will provide leadership and deliver services that consistently meet or exceed their expectations. We will be the best because we will attract and retain employees who have the ambition to serve and will empower them to work effectively as individuals and in teams. Above all, we will be the best trade

[4] Linda Nunn Rebuttal Testimony, page 3, lines 5-8.
[5] http://www.eei.org/Pages/default.aspx.

> association because, in the tradition of Thomas Edison, we will make a significant and positive contribution to the long-term success of the electric power industry in its vital mission to provide electricity to foster economic progress and improve the quality of life.

Q. Why does Staff recommend removal of EEI dues from cost of service?

A. Historically, the Commission has disallowed EEI dues from rate recovery on the basis of EEI's involvement in lobbying activities on behalf of the electric industry.

In the Commission's *Report and Order* in KCPL[6] Case No. ER-81-42, the Commission stated the following:

> The rule has always been that dues to organizations may be allowed as operating expenses where a direct benefit can be shown to accrue to the ratepayers of the company. Conversely, where that sort of benefit does not appear, disallowance of the dues is required. It follows that the mere fact that an activity might fall within the very broad general definition of lobbying as used by Public Counsel should not necessarily mean that it is an improper expense for ratemaking purposes. This question is one of benefit or lack of benefit to the ratepayers.[7]

In the Commission's *Report and Order* in KCPL Case No. ER-83-49, the Commission adopted a criterion to determine whether some portion of EEI dues should be allowed in rates:

> The Commission finds that the Company's analysis to be faulty in that the Company has quantified the benefits to the ratepayers but has ignored any potential benefit to the shareholders. It is entirely possible that the amount of monetary benefit to the shareholders could exceed the amount of alleged benefit to the ratepayers. In that event the shareholders should bear a larger portion of the EEI dues than the ratepayers. Thus, the Company has not met its burden of proof of the proper assignment of EEI dues based on the respective benefit to the two involved groups. In the absence of that allocation the EEI dues should be excluded as an expense for setting the permanent rates in this matter.[8]

---

[6] Evergy Missouri Metro, formerly known as Kansas City Power & Light (KCPL).
[7] Commission Reports, 25 Mo. P.S.C. (N.S.), page 244.
[8] Commission Reports, 26 Mo. P.S.C. (N.S.), page 115.

Staff's disallowance of EEI dues in this case is consistent with the Commission's guidance in Commission's order in Case No. ER-83-49 because the Company has not quantified the benefits of this membership to ratepayers and shareholders. The Commission also found EEI should not be included in rates in KCPL's 1982 rate case, Case No. ER-82-66.

Q. Can you provide the Commission with a specific example when EEI engaged in activities in the interest of utility shareholders?

A. Yes. The Commission should be familiar with the United States Supreme Court Case No. 13-787, KCP&L Greater Missouri Operation's ("GMO") appeal[9] of the Missouri Commission's *Report and Order* in Case No. ER-2012-0175. EEI demonstrated that it primarily represents utility interests when it filed an *Amicus Curiae* brief in support of the petitioner, GMO, on February 3, 2014. This brief specifically concerned GMO's attempt to overturn the Missouri Commission's prior rate decision regarding recovery of plant investment and transmission costs related to Crossroads Energy Center ("Crossroads"). Crossroads is a combustion turbine generating facility located in Clarksdale, Mississippi, in excess of over 500 miles from GMO's service area. The Commission has consistently excluded on grounds of imprudence certain rate base costs relating to this generating facility and all transmission costs relating to the transmission of its electrical generation back to the GMO service territory in western Missouri.

In response to Staff Data Request No. 0445 in Case No. ER-2016-0156, GMO stated that "KCP&L requested EEI consider filing an Amicus Brief in Case No. 13-787." The response to this data request is attached as Schedule AN-s1. EEI also filed an amicus brief on February 27, 2003, in support of the petitioner in File No. 3-10909 United States of America

[9] WD 75038, Missouri Court of Appeals, Western District.

before the Securities and Exchange Commission, In the Matter of Application of Enron Corp. for Exemptions Under the Public Utility Holding Company Act of 1935 (File Nos. 70-9661 and 70-10056). These are clear examples of EEI representing the interests of its utility members, which may not align with its customers, and contributions to EEI should appropriately be allocated to shareholders.

Q. Have Evergy Metro and Evergy West quantified any part of the EEI dues as benefitting either its customers or its shareholders?

A. No. According to the rebuttal testimony of Evergy Metro and Evergy West witness Klindt at page 3, line 7, "the company records approximately 15% of the EEI annual membership dues invoice below the line. This represents the portion of time that EEI is engaged in lobbying activities for the electric utility industry," and "as such, the Company has already eliminated costs that should not be charged to customers." Assuming the 15% is an accurate figure, what Evergy Metro and Evergy West have again failed to do for the Commission is to quantify the benefits accruing to its ratepayers and shareholders regarding the other 85% of the EEI dues. Additionally, the Company's recorded approximately 21% of the EEI annual membership dues below the line in its last rate case. This was lowered to 15% in the current rate case.

In its *Report and Order* in Missouri Power & Light Company Case No. ER-82-180, the Commission made clear what the Company needs to do to demonstrate rate recovery for contributions to EEI stating:

> The Commission also points out that the Company needs to develop some method of allocating expenses between its shareholders and the ratepayers once the benefits and activities leading thereto have been adequately quantified.[10]

[10] Commission Reports, 25 Mo. P.S.C. (N.S.), page 398.

In Evergy Metro's and Evergy West's current case, they again have failed to undergo the Commission requested task of quantifying the benefits; Evergy Metro and Evergy West simply state that 85% of EEI dues are ratepayers' responsibility, while the 15% of the dues that EEI indicates it uses for lobbying expense is the only shareholder expense. The Commission has asked companies to do a more detailed analysis of the benefits EEI provides to both ratepayers and shareholders.

Q. How much does EEI spend on lobbying activities?

A. According to quarterly Lobbying Reports, which are publicly available, in 2021 EEI had spent over $9.9 million on lobbying activities.

Q. Are there other recent activities in which EEI participates that possibly do not benefit ratepayers?

A. Yes, there are several. I have attached the June 2021 EEI "Membership Matters" pamphlet that describes the prior year's activities as Schedule AN-s2. While I admit there are several items that may tangentially benefit ratepayers, overwhelmingly this report is focused on lobbying and related activities centered on changing public policy, locally and globally. On page 3 of this report, an advertising campaign during "Earth Week" ran on cable and Politico that could only be described as "institutional" advertising, which the MPSC has consistently removed from the cost of service. On page 6, EEI boasts of its success in keeping disconnection moratorium language out of the draft "American Rescue Plan" federal legislation. On page 10, the EEI notes its efforts of persuasion are not limited to legislative bodies when it lobbied the Financial Accounting Standards Board ("FASB") to change lease accounting. The FASB is the national agency that governs financial accounting standards for all publicly traded companies. In perhaps its crowning achievement of recent note, EEI successfully lobbied FERC and U.S.

lawmakers regarding FERC's proposal to eliminate financial incentives for utilities that join regional transmission organizations ("RTO"). According to the Zack Hale written S&P Global articles published on June 15, 2021 and June 30, 2021, (attached to my testimony as Schedule AN-s3 and AN-s4), in March 2020 FERC issued a notice of proposed rulemaking (RM20-10) to increase RTO adder from 50 to 100 bases points, drawing a partial dissent from then FERC Commissioner Richard Glick "who argued the administrative record failed to show that the existing incentive was dissuading utilities from leaving RTOs after joining." The article states: "As chairman, Glick issued a supplemental proposal in April to eliminate RTO adder after three years, a move estimated to save consumers approximately $350 million annually." EEI argued that: "Due to the risks associated with RTO/ISO membership, the ROE adder is more appropriate now than ever." Mentioned membership risks include: "… giving RTOs and ISOs operational control of transmission facilities, the complexity of electricity markets, state's preferences for certain clean energy technologies, member default costs, and the elaborate and often contentious RTO/ISO stakeholder process."

Additionally, EEI itself made contributions of $585,000 to dozens of charitable organizations on behalf of its member utilities ranging from the Alzheimer's Association to the Massachusetts Institute of Technology ("MIT") and The U.S Conference of Mayors. I have attached this lobbying report as Schedule AN-s5.

Q. The Company contributes to another electric industry group, the Electric Power Research Institute ("EPRI"). Does Staff recommend removal of those dues from cost of service?

A. No. According to EPRI website[11]:

> The Electric Power Research Institute, Inc. conducts research and development relating to the generation, delivery and use of electricity for the benefit of the public. An independent, nonprofit organization, we bring together scientists and engineers as well as experts from academia and the industry to help address challenges in electricity.

Staff based its recommendation not to remove EPRI dues on the Commission's' *Report and Order* in Case No. ER-82-180:

> Many of the alleged benefits which the Company receives from EEI could be obtained from other sources. Some of the efforts of EEI and the Electric Power Research Institute (EPRI) overlap and some of the assistance rendered by EEI could be obtained from EPRI. The Commission Staff has not proposed to disallow the expense associated with EPRI in the instant case.[12]

Staff did not remove EPRI dues as this organization's focus is not on lobbying and participating in litigation.

Q. Please summarize your surrebuttal testimony on EEI dues.

A. Staff recommends that the entire amount of test year EEI dues should be disallowed. Evergy Metro and Evergy West have again failed to quantify the benefits to the ratepayers and shareholders, contrary to the Commission's orders.

TRUE-UP ADJUSTMENTS

Q. Please identify the rate base items and income statement adjustments that you are sponsoring as part of the Staff true-up filing.

A. I am sponsoring the following Evergy Metro and Evergy West cost of service items that have been adjusted through the true-up date, May 31, 2022:

- Accounts Receivable Bank Fees
- Income Eligible Weatherization program – Rate Base and cost

---

[11] http://www.epri.com/Pages/Default.aspx.
[12] Commission Reports, 25 Mo. P.S.C. (N.S.), page 397.

- Insurance Expense
- IT Software Maintenance Expense
- Plant in Service Accounting (PISA) – Rate Base and amortization.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service	)	Case No. ER-2022-0129
In the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service	)	Case No. ER-2022-0130

AFFIDAVIT OF ANTONIJA NIETO

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW ANTONIJA NIETO and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal / True-Up Direct Testimony of Antonija Nieto*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

A Nieto

ANTONIJA NIETO

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, MO on this 10th day of August 2022.

M. Ridenhour

Notary Public

NOTARY PUBLIC
NOTARY SEAL
STATE OF MISSOURI

M. RIDENHOUR
My Commission Expires
July 22, 2023
Platte County
Commission #19603483

SCHEDULE AN-s1

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

EEI
Edison Electric
INSTITUTE

"WHAT YOU ARE WILL SHOW IN WHAT YOU DO."

THOMAS ALVA EDISON

Power by Association

June 2021

MEMBERSHIP MATTERS

Dear Valued EEI Member,

This is an extraordinary and unprecedented time for our industry, for our nation, and for the world. While the coronavirus remains a deadly threat, I am encouraged by the growing signs of hope, optimism, and normalcy emerging across the country.

Throughout the pandemic, our industry has delivered the reliable, affordable, secure, and clean energy our customers need and expect. At the same time, we have carried forward our vision for clean energy and our goal of advancing racial and social justice, diversity, equity, and inclusion in our companies and in the communities in which we live and serve.

As always, our North Star as an industry and as an association is our customers. We continue to center our efforts on maintaining the steady and strong transition to clean energy; modernizing the energy grid to make it more dynamic, more resilient, and more secure; and developing the innovative solutions our customers expect and deserve.

Our goal is to advance favorable public policy. While impacting the legislative and regulatory process both in Washington and in the states is never easy, we must—and we will—demonstrate Power by Association, making our unified voice heard on the key issues affecting our customers and our nation's energy future.

Foremost among these are policies that will enable us to advance our leadership on clean energy. Through the Carbon-Free Technology Initiative, we continue to advocate for implementation of federal policies that can help ensure the commercial availability of affordable, carbon-free, 24/7 power technology options by the early 2030s to help us meet our net-zero carbon reduction commitments. We also continue to advocate that our existing nuclear fleet and natural gas remain available to help achieve our clean energy targets.

Tax policy may be the most important clean energy tool to emerge from this Congress, and we support policies that reduce costs for customers and enable investment. We also are working with the Administration and key federal agencies to advance policies that will get transmission and other critical energy infrastructure built more quickly. And, we continue to advocate for increased electrification to reduce carbon emissions, particularly in the industrial and transportation sectors.

With growing ransomware and cyber threats, we are working closely with our government partners, through the CEO-led Electricity Subsector Coordinating Council (ESCC), to ensure that grid resilience and cybersecurity remain paramount, as always. We also are preparing for another active and dangerous hurricane and wildfire season.

Our overarching goal remains clear: to serve our customers by providing the reliable and affordable energy they need and by building a cleaner, smarter, and stronger energy future. Every success we have as an industry leads back to our commitment to do what is right for our customers.

Theodore Roosevelt once said, "The best prize that life has to offer is the chance to work hard at work worth doing."

I am deeply proud to represent our industry, and I thank EEI's leadership team—and all of you—for your ongoing engagement, involvement, and investment in EEI.

Sincerely,

Thomas R. Kuhn

Advancing Our Clean Energy Leadership

EEI continues to lead a broad effort to educate the Administration, Congress, state policymakers and regulators, and other stakeholders about our industry's significant carbon reductions and clean energy leadership. In April, EEI celebrated Earth Week by highlighting member companies' work to achieve their vision for clean energy and a cleaner economy and by voicing support for clean energy innovation that will accelerate the pace of change.

Among our many climate change and clean energy-related actions this year:

- Since January, EEI has hosted **more than 50 meetings** with CEOs to educate key Members of Congress and Administration officials about our industry's clean energy progress, carbon-reduction goals, and tax policy priorities.
- EEI weighed in with support for President Biden's executive orders to rejoin the **Paris Agreement**; regulate **methane emissions** from new and existing sources; impose new **CAFE standards**, restore the **California waiver**, and electrify the **federal fleet**; increase **offshore wind** deployment; and recognize the vital role **infrastructure** plays in supporting the clean energy transition.
- On Earth Day, EEI issued a statement in response to President Biden's new **nationally determined contribution** for the United States under the Paris Agreement.
- EEI voiced support for the **Clean Energy for America Act**, introduced by Senate Finance Committee Chairman Ron Wyden (D-OR). The bill would revamp the more than 40 current energy tax credits and replace them with new long-term incentives that are technology-neutral and focus on clean electricity generation, fuel production, and energy-efficient building construction.
- EEI promoted our industry's clean energy leadership through our **#Committed2Clean campaign**, events, sponsorships, earned media, and targeted op-ed placements.
- EEI ran a **60-second ad** inside the Beltway on cable networks throughout Earth Week; we also ran a digital campaign targeted to Administration officials and to lawmakers and their staff on Capitol Hill.

During Earth Week, EEI ran digital ads in Politico Morning Energy and other media outlets to highlight how member companies are achieving their clean energy vision.

- EEI testified before the House Select Committee on the Climate Crisis on the importance of **grid modernization and expansion** in support of the industry's clean energy transformation.
- EEI partnered with the World Business Council for Sustainable Development and the Business Council for Sustainable Energy on a **Climate Action Week** virtual event highlighting the key role of the power sector in addressing the climate challenge.
- EEI developed an educational webinar series for member companies on **environmental justice** issues; the first installment, featuring EPA and state officials, was held June 1.
- EEI led and supported efforts to promote electric company carbon-free energy offerings that support **corporate customer sustainability goals**:
  - EEI released the second year of its **Electric Company Carbon Emissions and Electricity Mix Database** for corporate customers. The database includes 2020 carbon dioxide emission intensity rates for delivered electricity by member operating company, accounting for renewable energy certificates and green tariff programs. This database is used by corporate customers to report their Scope 2 carbon emissions (i.e., emissions related to delivered electricity) to the carbon-reporting agencies. Since the first release in June 2020, the database has been downloaded more than 1,000 times.
  - EEI advanced discussions related to 100-percent carbon-free energy solutions with **state regulators and corporate customers** through various high-level dialogues.
  - EEI engaged with EEI's **Corporate Customer Advisory Group** on strategies for achieving 100-percent carbon-free energy solutions.

THE CARBON-FREE TECHNOLOGY INITIATIVE

Achieving deep carbon reductions will require new, affordable, 24/7 carbon-free technologies. In March, EEI partnered with leading energy and environmental policy groups to launch the Carbon-Free Technology Initiative (CFTI) to identify and to advocate for specific policy proposals that can help ensure the commercial availability of key technologies by the early 2030s. Technology areas of focus include:

- Advanced wind and solar energy systems;
- Long-duration storage and advanced demand efficiency;
- Advanced, dispatchable, and renewable super hot rock deep geothermal;
- Zero-carbon fuels, such as hydrogen;
- Advanced nuclear energy (both fission and fusion);
- Carbon capture, utilization, and storage.

The CFTI partners are focused on briefing key congressional committees and Administration officials about the initiative and the need for federal funding for technology research, development, demonstration, and deployment (RDD&D). President Biden's budget proposal released in late May includes significant funding increases for RDD&D for clean energy technologies.

CARBON-FREE TECHNOLOGY INITIATIVE

Bipartisan Policy Center | C2ES Center for Climate and Energy Solutions | Clean Air Task Force | ClearPath Action | EEI Edison Electric Institute | Great Plains Institute | ITIF Information Technology & Innovation Foundation | NEI Nuclear Energy Institute | Third Way

Highlights & Important Developments

- With negotiations for a broad **infrastructure** package front and center on Capitol Hill, EEI is advocating that electric transportation, broadband infrastructure, cyber, and resiliency proposals be included.
- EEI continues to meet with key lawmakers to lay out our clean energy **tax priorities** and to voice our concerns about increasing the corporate tax rate; reinstituting a corporate minimum tax; and ensuring that the tax rates on dividends remain low and on par with capital gains.
- EEI continues to lead member companies in demonstrating a strong and united front during the **pandemic**—ensuring unity of effort, unity of message, and unity of guidance. Among our activities:
  - EEI partnered with our organized labor partners—the International Brotherhood of Electrical Workers (IBEW) and Utility Workers Union of America—on a letter to promote **COVID-19 vaccines** to our workforce.
  - EEI sponsored four **vaccine-related webinars** on topics including employment law and companies' vaccination workforce strategies.
  - EEI continues to work through the ESCC to update the **ESCC Resource Guide**, releasing the 10th version of the Guide in February.
  - EEI conducted a second comprehensive **future of work survey** and hosted a series of webinars to discuss findings and future considerations.
  - EEI continued to work through **Utilities United Against Scams** to educate customers and the media about the tactics used by scammers as part of a national effort to #StopScams.

UTILITIES UNITED
AGAINST SCAMS

GLOBAL ELECTRIFICATION FORUM

Over two weeks in April, EEI's Global Electrification Forum (GEF)—held virtually for the first time—attracted nearly 700 attendees and had tremendous participation from industry CEOs and leaders from across the world. The informative and engaging program featured panel sessions, keynotes, executive roundtables, an innovation showcase, and fireside chats. More than 50 speakers, representing 34 countries, covered a broad range of issues, including serving customers in the post-pandemic world; the electrification of economies; the clean energy future; digitalization; customer expectations; business and regulatory models; resilience; financing net zero; and leadership.

In addition to the many U.S. and international electric company executives and leaders from the financial, transportation, and other sectors who took part in panels and fireside chats, the GEF included remarks from several distinguished speakers, including:

- His Royal Highness Prince Charles, The Prince of Wales
- Lord Mervyn King, former governor of the Bank of England
- Roman Krznaric, author of *The Good Ancestor*
- Malcolm Turnbull, the 29th Prime Minister of Australia
- Rod Carr, chair of New Zealand's Climate Change Commission
- Tomas Anker Christensen, Denmark's climate ambassador
- Hamadoun Touré, Mali's minister of communication and digital economy

  - EEI continues to highlight and to amplify member companies' COVID-19 response and leadership through our social media channels. To date, our **#PoweringThruTogether** hashtag and related hashtags have generated more than 163 million impressions on Twitter.
- In March, Congress passed the American Rescue Plan. EEI successfully lobbied for inclusion of an additional $4.5 billion in **Low Income Home Energy Assistance** funding to help energy customers. EEI also succeeded in keeping **disconnection moratorium** language out of the legislation, pointing to the tremendous efforts that member companies have made in working with their state commissions to help customers throughout the pandemic.
- EEI's industry-wide initiative to advance **racial and social justice and diversity, equity, and inclusion**, launched in September 2020, has 100-percent member company participation. EEI member companies continue to work collaboratively to document how they are addressing racial and gender gaps within the industry and are accelerating their outreach and support to those suffering from systemic racism, poverty, and economic disadvantage.
- Under the leadership of Berkshire Hathaway Energy CEO Bill Fehrman, EEI supported the initial rollout of the Administration's **Industrial Control System 100-Day Sprint**. EEI helped participants navigate the process with informative calls and resources and worked to align industry and government goals for operational technology security.
- EEI completed the first pilot for the Culture of Security Peer Review Program, the newest effort under the **Culture of Security Initiative**. This pilot identified both recommended practices and opportunities for improvement at the reviewed electric company, while providing experience for reviewers and EEI to enhance the peer review program going forward.
- EEI is addressing the impact of new Department of Defense (DoD) **Cybersecurity Maturity Model Certification** requirements, working with member companies, Congress, and government agencies to ensure that policies do not duplicate or conflict with existing electric power sector regulatory standards.
- EEI conducted a functional exercise for the **National Response Event** mutual assistance program, utilizing lessons from the 2020 emergency responses and pandemic challenges to inform and prepare for the 2021 hurricane and wildfire season.
- EEI held a successful **second virtual ESCC meeting**, bringing together members of the electric sector and the new Administration to discuss national security and resilience priorities, supply chain

CELEBRATING LABOR-MANAGEMENT PARTNERSHIP AT NATIONAL LAMPAC

EEI and IBEW co-hosted the 14th annual National LAMPAC meeting—held virtually for the first time—in March. Participants discussed a range of issues, including the industry's response to the pandemic, clean energy, opportunities to advance America's energy future, and more.

Following the meeting, U.S. Representative Debbie Dingell (D-MI) presented the John D. Dingell Award to Senator Joe Manchin (D-WV) and Senator Lisa Murkowski (R-AK) for their work on the energy legislation included in the final omnibus appropriations and COVID-19 relief package of 2020.

Also during the meeting, EEI President Tom Kuhn, American Electric Power (AEP) Chairman, President, and CEO Nick Akins, and IBEW International President Lonnie Stephenson presented the Ed Hill Award (for a lifetime of service to labor and industry) to Tom Dalzell, business manager of IBEW Local 1245, and Tom Householder, AEP managing director, labor relations (retired).

NATIONAL LAMPAC
Labor and Management Public Affairs Committee

threats, cybersecurity challenges, and strategic and tactical initiatives that ensure unity of effort and unity of message in defending the nation's most critical infrastructure.

- EEI hosted a two-day **ESCC Wildfire Workshop & Technology Summit** in preparation for the 2021 wildfire season, identifying opportunities for improved response, coordination, and technology deployment to better prevent ignition and to detect fires quickly when they do occur.
- EEI engaged with the U.S. Department of Agriculture (USDA) to emphasize the importance of **climate-smart agricultural and forestry practices** in achieving economy-wide carbon reductions; the need for USDA to engage with other federal agencies and Congress to provide incentives and regulatory certainty around biomass accounting and renewable natural gas; and the collaborative work that EEI members are undertaking with USDA and other stakeholders to address **wildfire risk**.
- EEI established a CEO-led **Broadband Task Force** to share information on how member companies can explore opportunities to build out fiber and leverage their existing infrastructure to help close the digital divide.
- EEI successfully advocated for member companies to be eligible for $350 billion in state and local funding for **broadband infrastructure** in the American Rescue Plan.
- In February, EEI released a new report, *Electric Transmission: Enabling the Clean Energy Transformation*, that details how **electric transmission** infrastructure provides multiple benefits to customers, enables the deployment of new technologies, enhances reliability and resiliency, and is the key to integrating more clean energy into the grid affordably and reliably.
- Among our efforts to advance **electric transportation**, EEI:
  - Expanded the ongoing collaboration on **fleet electrification** with additional national corporate customers, including Walmart, UPS, FedEx, and PepsiCo, to facilitate early engagement on EV infrastructure planning and to streamline communication between electric companies and fleet operators.

EEI BUSINESS DIVERSITY CONFERENCE AND AWARDS

EEI hosted the 37th Business Diversity Conference virtually, with more than 300 registered attendees representing member company supplier diversity professionals and diverse suppliers. Panel discussions focused on the industry's first-ever Supplier Diversity Economic Impact Study, the C-suite view of the transformative and resilient energy grid, ESG, and best practices in supplier and workforce diversity.

EEI Chairman Ben Fowke, Chairman and CEO, Xcel Energy; EEI Vice Chairman Warner Baxter, Chairman, President, and CEO, Ameren Corporation; Kelly Tomblin, President and CEO, El Paso Electric; and Caroline Winn, CEO, San Diego Gas & Electric, addressed the conference, demonstrating their leadership and support of supplier diversity.

Ameren Corporation and Evergy were presented with the event's highest recognitions as winners of the 2021 EEI Business Diversity Excellence Award and 2021 EEI Business Diversity Innovation Award, respectively, on the virtual stage.

EEI Business Diversity

Ameren

evergy

- Established touchpoints with the White House Council on Environmental Quality to help federal agencies leverage electric company expertise and financing options to deploy **EV charging infrastructure** in support of the Administration's federal fleet electrification goals.
- Supported member company EV policy proceedings in several states. EEI's *Electric Transportation Biannual State Regulatory Update* shows 31 states and DC have approved **electric company EV programs**—including investment in EV charging infrastructure—that total nearly $3 billion.
- EEI worked with allies to improve the language in two updated and recently published green **building standards** that require residential and commercial new construction to have "EV Ready" parking spaces.

- At **FERC**:
  - EEI filed 16 sets of **comments**, including comments generally supporting FERC's cybersecurity incentives proposal; discussing the appropriate role and structure for FERC's Office of Public Participation; and opposing the Center for Biological Diversity's request for FERC to conduct a rulemaking to change FERC's accounting rules for classification of association dues.
  - EEI, along with representatives from Arizona Public Service and Duke Energy, provided a presentation to FERC staff on the industry's **clean energy** goals and progress.
  - EEI persuaded FERC to deny a petitioner's request for generic, universal guidance on **accounting for renewable generating equipment** without soliciting comments in a rulemaking to amend the Uniform System of Accounts.
  - EEI obtained FERC approval of an extension of the blanket waiver eliminating reductions in the FERC allowance for funds used during construction (AFUDC) rate otherwise resulting from liquidity-driven short-term debt increases. The waiver maintains a pre-pandemic balance in the capital structure for computing **AFUDC**, removing a financial disincentive that would have penalized member companies' prudent actions to preserve financial strength and flexibility during the COVID-19 pandemic.
- EEI released Version 3 of the **ESG/Sustainability Template** with timely enhancements covering areas such as diversity, equity, and inclusion and more uniform disclosure of long-term climate goals. EEI also released Version 1 of the **Natural Gas Sustainability Initiative** protocol.
- EEI testified before the Securities and Exchange Commission and submitted extensive comments in response to its request for input on **climate change disclosure requirements**. EEI's comments support an industry-specific, investor-focused, principles-based approach for ESG disclosures with a focus on financial materiality.

SHOWCASING OUR INDUSTRY'S LEADERSHIP

Throughout the unprecedented events of 2020, EEI's *Electric Perspectives* magazine documented the extraordinary efforts of member companies to serve customers amid the COVID-19 pandemic, while confronting historic and devastating hurricanes, wildfires, a derecho, and more. *EP* also showcased member companies' leadership on building a cleaner, smarter, stronger energy future for customers. Read all our recent issues at www.ElectricPerspectives.com. Printed copies of past issues are available upon request from Charles Van Someren (cvansomeren@eei.org).

- EEI hosted the spring 2021 **ESG/Sustainability Committee Meeting** with more than 200 attendees from member companies and the financial community, focusing on topics such as achieving economy-wide net-zero carbon emissions, ESG supply chain considerations, and the 2021 proxy season.
- EEI convened multiple virtual meetings and worked with member company **risk management** experts to collect benchmark insurance information, with an increasing focus on cybersecurity and wildfire insurance coverage.
- Since January, EEI's **state engagement** team has fulfilled 152 different requests on behalf of 47 member companies working in 36 states on challenges to the business model.
- EEI worked with members of Congress to relaunch the **Smart Cities Caucus**, a bipartisan group led by Congresswoman Yvette Clark (D-NY) and Congressman Daryl Issa (R-CA).
- On the **environmental regulatory and policy** front:
  - EEI and USWAG continue to assist member companies with compliance with the **coal ash rule**, including implementation of the closure of unlined coal ash basins, submission of closure deadline extension requests for facilities facing unique technical challenges, and development of alternative liner demonstrations.
  - EEI successfully advocated for a **final nationwide permit program** (NWP) that includes a new power line-specific nationwide permit, reducing member company risk of litigation as the new NWP is separate from those related to oil and gas pipelines.
  - EEI coordinated with member companies on compliance strategies for the **steam electric effluent limitation guidelines** in advance of October compliance deadlines.
  - EEI continued outreach on the U.S. Fish and Wildlife Service's proposed rule that would rescind the previous administration's rule that established that incidental take is not a violation of the **Migratory Bird Treaty Act**.
- As part of the EEI-led effort to reduce or eliminate **serious injury and fatalities** (SIF) in the electric power sector, EEI has opened the SIF Learning Center, an online resource for shared learning from industry incidents and observations that may have the potential to cause life-threatening or life-altering outcomes.
- EEI published a new report that provides definition and metrics for scientifically validated **safety leading indicators** that will enable consistent tracking and benchmarking of safety performance.

ELECTRIC PERSPECTIVES: THE PODCAST

Launched in April, EEI's new *Electric Perspectives* podcast examines the latest trends and issues shaping the electric power industry. The podcast includes an international series, "The Global Circuit." Tune in on Podbean, Spotify, iTunes, or wherever you get your podcasts to hear top leaders and experts from across the country and around the world discuss the future of energy.

- EEI signed a memorandum of understanding with the U.S. Army to develop joint best practices on **energy resilience planning** to foster more EEI member company-DoD installation partnerships.
- The Institute for Electric Innovation (IEI) released its annual **smart meter** report, finding that electric companies had installed 107 million smart meters as of year-end 2020 and are using the data, underlying communication systems, and technology to support customers during the COVID-19 pandemic, to engage customers in programs to shift and shape their energy use, to support clean energy goals, and to enhance energy grid resiliency and operations during severe weather events.

- EEI led efforts to advance **residential customer services** to enhance the customer experience.
  - As a continuation of the **customer centricity** initiative, EEI identified two customer service areas to move forward as an industry: advancing comprehensive customer assistance and rethinking customer payment enablement.
  - EEI recruited customer officers to participate in three **Critical Consumer Issues Forums** with state regulators, consumer advocates, and EEI member company regulatory executives. Customer officer participation greatly advanced awareness of, and appreciation for, the extensive work that electric companies have been doing and are still doing to assist customers during the pandemic.
  - Through IEI, EEI launched a **new dialogue series** that focuses on the role of technology in engaging with and delivering solutions to residential customers. Executives from Google and Arizona Public Service kicked off the series in April, followed by Oracle and PG&E in May, and ESource and Portland General Electric in June.
- In matters at the **Financial Accounting Standards Board** (FASB):
  - Successfully persuaded FASB to eliminate a **lease accounting** anomaly that would have required owners to write off leased generating plants (primarily solar and wind with storage) upon execution of a PPA to sell substantially all the plant's output. This much-needed correction eliminates financial reporting distortions for member companies as they deploy greater amounts of renewable generation.
  - Convinced FASB to reject a proposed requirement for re-marketed long-term **pollution control debt** to be classified as short-term.
- EEI hosted the **2021 Tax School** in May with more than 350 attendees from EEI and AGA member companies.
- EEI hosted more than 20 regulatory commissioners in April for a two-day virtual dialogue featuring SEC Commissioner Elad Roisman and Wall Street analysts. This series provides an invaluable way to **educate state regulators** about the importance of their decisions and how those decisions impact broader stakeholders and electric companies around the country.

EDISON AWARD FINALISTS ANNOUNCED

Since 1922, the Edison Award—the electric power industry's most prestigious honor—has recognized electric companies for demonstrating "distinguished leadership, innovation, and contribution to the advancement of the electric industry for the benefit of all."

In March, an independent panel of reviewers selected finalists for the 93rd Edison Award: The AES Corporation, Edison International/Southern California Edison, Liberty Utilities, Minnesota Power, and Xcel Energy. The reviewers also named The AES Corporation, ATCO, and J-POWER as finalists for the International Edison Award.

The winners were selected by a panel of former electric company chief executives and will be announced on June 9.

- Using the **We Stand For Energy** platform and podcast, EEI continues to educate customers and stakeholders about the industry's policy priorities, including broadband and LIHEAP.
- EEI released the **2020 Financial Review**, which describes broad financial trends across the industry and features sections on stock performance, dividends, credit ratings, business segmentation, mergers and acquisitions, construction, and fuel sources.
- EEI's **PowerPAC** hosted 25 industry events for Members of Congress, raising more than $500,000.
- Demonstrating continued global leadership, EEI's **International Programs** convened three regional roundtables on strategic issues: two transatlantic dialogues with CEOs from U.S., Canadian, and European electric companies, and one Asia-Pacific dialogue with CEOs from Asia, Australia, India, and New Zealand.

DON'T MISS OUT!

Energy Talk

Hear from key industry leaders and decision makers in the energy field.

Get the news you need on critical policy issues and electric power industry trends electronically from EEI.

» **To have Energy Talk delivered to your inbox, email EnergyTalk@eei.org.**

IN MEMORIAM: THOMAS F. FARRELL II

Former Dominion Energy Chairman, President, and CEO Tom Farrell passed away on April 2, one day after retiring from the company. He served in leadership roles at Dominion Energy since 2006, and as EEI Chairman from 2011-2012. Among the many accomplishments during his EEI chairmanship, Farrell was instrumental in creating the Troops to Energy Jobs program to streamline the hiring process for our nation's military veterans. Troops to Energy Jobs has helped more than 50 energy companies implement best practices and create pathways for military veterans to find training and careers in the electric, nuclear, and natural gas industries.

"Tom was a visionary leader and a trusted friend and confidante to me and to so many throughout our industry," EEI President Tom Kuhn wrote in *IHS Energy Daily*. "A true statesman, Tom believed deeply in our industry's essential public service mission and always focused on finding innovative solutions to the energy challenges we face as a society. He worked tirelessly throughout his career to advance public policies that benefit the customers and communities served by Dominion Energy and other investor-owned electric companies across the country."

Writing in *The Richmond Times-Dispatch*, EEI Chairman Ben Fowke said: "I had the privilege of knowing and working with Tom Farrell for more than 10 years. He was a consummate gentleman, statesman, and visionary leader who worked tirelessly to solve problems, build consensus, and advance public policies that benefit electricity customers in Virginia and across the country."

DUKE ENERGY'S LYNN GOOD RECEIVES DISTINGUISHED LEADERSHIP AWARD

During the January Board and CEO meeting, EEI presented its Distinguished Leadership Award to Duke Energy Chair, President, and CEO Lynn Good. The award recognizes the commitments, contributions, and individual achievements of investor-owned electric company leaders, and recipients are chosen by their peers.

"Lynn is an extraordinary leader and visionary for the electric power industry. She has repeatedly demonstrated her unwavering commitment to the customers and communities Duke Energy serves, while also helping to position our industry for the future," said EEI President Tom Kuhn. "Lynn's advocacy on key policy issues has helped shape our industry's transition to a clean energy future, and it is a privilege and an honor to present her with this award."

The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for more than 220 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 65 international electric companies with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members.

Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

For more information, visit our Web site at www.eei.org.

EEI
Edison Electric Institute
701 Pennsylvania Avenue, NW
Washington, DC 20004-2696
202-508-5000 | www.eei.org

/EdisonElectricInstitute
@Edison_Electric
Edison Electric Institute

TRANSMISSION ORGANIZATION ADDER IS 'MORE APPROPRIATE NOW THAN EVER,' EEI SAYS

By Zack Hale
S&P Global
June 15, 2021

Investor-owned utilities and a major labor union are voicing concerns to U.S. lawmakers about a Federal Energy Regulatory Commission proposal to effectively eliminate financial incentives for utilities that join regional transmission organizations.

FERC's 50-basis RTO adder dates back to the Energy Policy Act of 2005, which directed the commission to provide incentives to utilities that place their facilities under the control of regional grid operators.

Regional transmission organizations and independent system operators save consumers billions of dollars annually by managing least-cost generator dispatch. They also coordinate the planning of electric transmission infrastructure needed to accommodate a growing amount of variable renewable energy.

In an effort to spur more transmission investment, FERC in March 2020 issued a notice of proposed rulemaking (RM20-10) to increase its RTO adder to 100 basis points. That proposal drew a partial dissent from then-Commissioner Richard Glick, however, who argued the administrative record failed to show that the existing incentive was dissuading utilities from leaving RTOs after joining.

As chairman, Glick issued a supplemental proposal in April to eliminate the RTO adder after three years, a move estimated to save consumers approximately $350 million annually. Glick has subsequently stood by the proposal despite concerns from industry stakeholders that it could chill transmission investment at a crucial point in the nation's clean energy transition.

The Edison Electric Institute, WIRES Group and the International Brotherhood of Electrical Workers reiterated that concern in a June 11 letter to lawmakers on the U.S. Senate Committee on Energy and Natural Resources and the U.S. House Committee on Energy and Commerce.

"Due to the risks associated with RTO/ISO membership, the ROE adder is more appropriate now than ever," the groups argued.

Those risks include giving RTOs and ISOs operational control of transmission facilities, the complexity of electricity markets, states' preferences for certain clean energy technologies, member default costs, "and the elaborate and often contentious RTO/ISO stakeholder process, among other issues," they said.

"Moving forward, RTOs and ISOs are positioned to provide an efficient platform for regional transmission planning and collaboration as well as clean energy integration while ensuring resilience," the June 11 letter said. "Now is not the time to back away from long-standing support for electric company participation in these organizations."

Initial comments on FERC's supplemental proposal are due June 25.
#

TRANSMISSION OWNERS SPAR WITH CONSUMER ADVOCATES OVER FERC BID TO PULL RTO ADDER

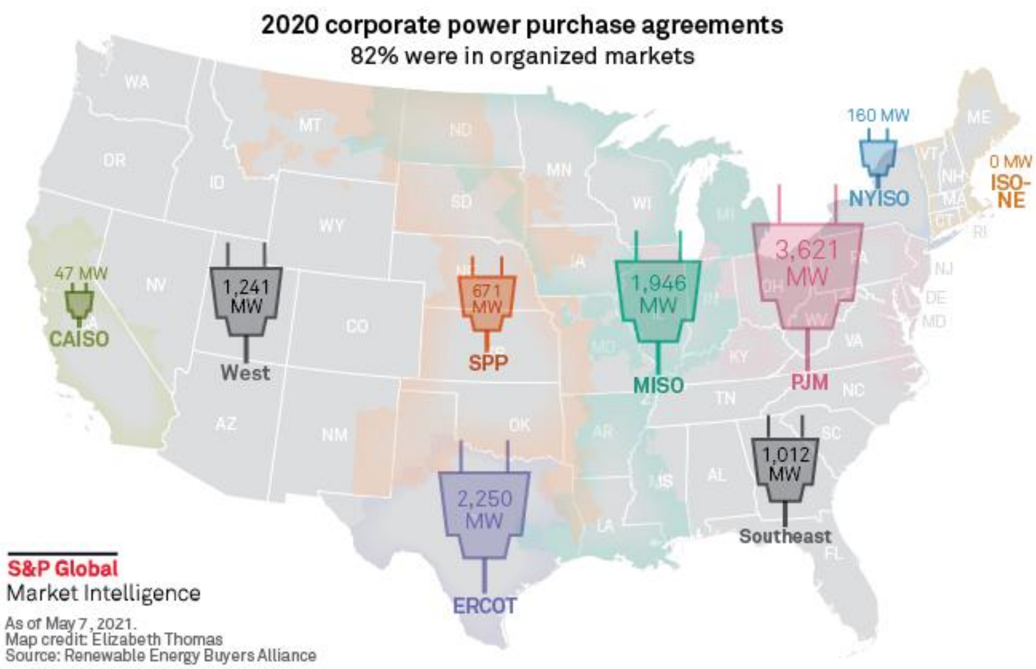
By Zack Hale
S&P Global
June 30, 2021

A Federal Energy Regulatory Commission proposal to eliminate a 50-basis point rate incentive for utilities that joined regional transmission organizations has drawn fierce pushback from investor-owned utilities and pro-transmission nonprofits.

But public power trade groups, state regulators and consumer advocates argued that the supplemental proposal, unveiled in April as part of a broader effort to revamp FERC's transmission incentives policies, strikes an appropriate balance in shielding customers from an estimated $400 million in annual costs.

At issue is a March 2020 proposed rule (RM20-10) that would have doubled FERC's existing 50-basis-point adder for RTO participation to 100 basis points. In issuing that proposal, FERC cited total annual benefits for customers in the PJM Interconnection, Midcontinent ISO and the Southwest Power Pool of approximately $10 billion.

Encouraged by FERC and formed in the late 1990s and early 2000s, RTOs and independent system operators generate billions of dollars in annual savings for consumers by coordinating least-cost generator dispatch and regional transmission planning. Approximately two-thirds of Americans are now served by utilities that participate in RTOs or ISOs, while much of the U.S West and Southeast remains outside organized wholesale power markets.



Chairman Richard Glick penned a partial dissent to the March 2020 proposal as a commissioner in the minority, however, arguing that the agency's existing RTO adder should be "tailored" to entice transmission owners yet to join a FERC-jurisdictional grid operator.

Such an approach would fulfill Section 219(c) of the Federal Power Act's requirement that FERC use rate incentives to encourage transmission owners to join RTOs while also respecting Section 219(d) of the statute's mandate to ensure that rates remain just and reasonable, Glick said.

In line with comments filed by consumer advocates, a divided FERC issued a supplemental proposal in April that would eliminate the RTO adder for utilities that have already joined a regional grid operator after three years. The supplemental proposal included two separate dissents by Commissioners Neil Chatterjee and James Danly as well as a concurring statement by Commissioner Mark Christie, with initial comments due June 25.

Legal considerations
Parties were largely split on whether FERC's proposed action reflects an appropriate interpretation of Section 219(c), a provision of the Federal Power Act dating back to 2005.

The Edison Electric Institute, the nation's investor-owned utility trade group, argued that a proposal to effectively eliminate the adder for most current RTO members "is inconsistent with the text, structure, and purpose of" Section 219.

"While the commission can calibrate the appropriate incentive, Section 219 does not give the commission authority to eliminate the incentive or limit the length of time the incentive is provided," EEI asserted. "Nor does it permit the commission to effectively eliminate such incentive by otherwise restricting its availability."

EEI's comments included an affidavit by former U.S. Rep. Joe Barton, a member of the U.S. House-Senate conference committee for the Energy Policy Act of 2005, which included the Section 219 revisions.

"Consistent with my instructions to conference committee staff around ambiguity, if the committee had intended that the incentive to a utility that joins a transmission organization was meant to be a one-time payment or one-time deal, I would have instructed conference committee staff to make that clear in the language of the statute," the Texas Republican said.

However, the American Public Power Association contended that the language of Section 219(c) is unambiguously aimed at incentivizing utilities to "join" transmission organizations.

"If Congress had wished to mandate incentives for utilities to 'participate' or 'remain' in a transmission organization, it could easily have said so," the trade group said. APPA also argued that incentive rates are meant to induce future behavior and, therefore, FERC "cannot provide an 'incentive' for a utility to perform an action it has already undertaken."

'Economic rent'
Turning to other considerations, a coalition of MISO generation and transmission cooperatives noted that most of the largest transmission operators that joined the 15-state transmission organization did so well before they eventually began receiving the rate incentive in 2015.

"Because the transmission organization incentive played little, if any, role in the decisions of most MISO transmission owners to join or remain members in MISO, it is unclear what behavior the transmission organization incentive has incentivized over the past 15 years," the group said.

The Organization of PJM States, an intergovernmental coalition of utility regulatory agencies, also pointed to an "explosion" in recent years of supplemental grid reliability projects shielded from FERC's competitive bidding rules for RTOs and ISOs.

"There may be significant value to RTO participation today, but states and consumers deserve all of the value of RTO participation — something they have yet to receive on the issue of transmission," the organization said. "Continuing to pay transmission owners more for something they must do absent RTO participation amounts to nothing more than economic rent."

A coalition of consumer advocates and landowner groups also highlighted excerpts from recent earnings calls with FirstEnergy Corp. and Ameren Corp. executives who estimated that losing the 50-basis-point adder would likely shave between 4 and 5 cents off their respective share prices.

"For utilities, the loss of the RTO participation adder is all about earnings and share dividends," the coalition argued. "It's not about encouraging more regional planning, providing consumer benefits, or compensation for utility financial hardship related to RTO membership."

'Time-critical and especially needed'

But WIRES Group, a nonprofit association of investor-owned, publicly owned and cooperatively owned transmission providers, disagreed on that point.

FERC has tasked the RTOs and ISOs it oversees, as well as their members, with implementing sweeping rules on transmission planning, energy storage and aggregations of distributed energy resources, among others, WIRES noted.

The commission's supplemental proposal "does not appear to take into account the full measure of burdens and risks borne by RTO members or the benefits, both quantitative and qualitative, provided by existing RTOs to consumers," WIRES said.

MISO and SPP also filed joint comments citing a need for regulatory certainty as developers in their footprints seek the capital investments in transmission needed to accommodate a growing number of renewable energy resources.

"For MISO and SPP, these capital investments are time-critical and especially needed to further interconnect renewable energy sources and diversify our nation's power supply, while also working to maintain wholesale grid reliability," the grid operators said.

And the Renewable Energy Buyers Alliance, a group whose members include Amazon.com Inc., Walmart Inc. and McDonald's Corp., cited a June 2 letter from a bipartisan group of nine former FERC chairs and commissioners urging the agency "to use the broad authorities and tools available under the Federal Power Act to move toward well-structured organized power markets in all regions of the country."

#

Edison Electric INSTITUTE

2022 Lobbying, Advocacy, and Other Expenditures

February 2022

The Edison Electric Institute (EEI) is the trade association that represents all U.S. investor-owned electric companies. EEI's member companies provide electricity for more than 220 million Americans and operate in all 50 states and the District of Columbia.

EEI's member companies are woven tightly into the fabric of our nation. For nearly 140 years, they have provided the energy that has sustained our customers and our communities, while powering our nation's economy. Today, the electric power industry supports more than 7 million jobs in communities across the United States and contributes at least 5 percent annually to our nation's GDP.

In addition to our U.S. members, EEI has more than 65 electric companies with operations in more than 90 countries as international members, and hundreds of industry suppliers and related organizations as associate members. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

#Committed2Clean®

Across the country, EEI's member companies are leading the clean energy transformation and are working every day to get the energy we provide as clean as we can as fast as we can, without compromising the reliability and affordability that our customers and communities value. We know we are well-positioned to be a major part of the climate solution—and we want to be part of the solution.

Many factors are driving our industry's clean energy transformation, including declining costs for renewable energy resources, technological improvements, changing customer expectations, federal and state regulations and policies, and the increasing use of distributed energy resources.

Today, carbon emissions from the U.S. electric power sector are at their lowest level in nearly 40 years. Equally important, 40 percent of our nation's electricity now comes from clean, carbon-free sources, including nuclear energy, hydropower, wind, and solar energy. Almost 50 EEI member companies already have committed to reach zero or net-zero carbon emissions by 2050 or earlier.

To create a cleaner economy, we will need a cleaner transportation sector. EEI's member companies are investing more than $3.4 billion to help build and to deploy electric vehicle charging infrastructure and to accelerate electric transportation programs, with more than $1 billion of additional investment pending.

Our Federal and State Policy Activities

EEI's member companies are among the most regulated companies in the country, and EEI engages on their behalf with federal and state legislators, regulators, and other policymakers through lobbying, advocacy, and regulatory proceedings, with the goal of providing customers affordable, reliable, and resilient clean energy.

EEI also engages with a range of other industry stakeholders on issues related to grid reliability; cyber and physical security; mutual assistance and disaster response; finance and tax matters; and programs, services, and solutions for electricity customers.

EEI's Core Budget

EEI's core budget is funded through member dues. EEI's Board of Directors approves EEI's budget annually, including any increase in dues and proposed expected expenditures. In general, the dues a company pays is a function of its average number of customers, total revenues attributed to its electric operations, and owned generating capacity. For transmission-only members, dues reflect total revenues attributed to electric operations and transmission and distribution year-end assets that are either wholly or jointly owned.

Total dues revenue for 2022 is anticipated to be $58.9 million; non-dues revenue, from meetings, publications, and international and associate memberships, is expected to be $13.1 million.

EEI's core budget is devoted to business and policy issues that support our member companies in providing affordable, reliable, and resilient clean energy to the customers and communities they serve. The budget includes employee salaries and benefits; general office expenses and overhead; and programs and activities.

EEI's Board of Directors approved core budget expenditures by issue area for 2022 as follows.

Business and Policy Issues	Core 2022 Expense Budget *(in millions of $s)*
Clean Energy	15.4
Grid Security & Reliability	11.4
Grid Investment & Modernization	9.4
Customer Programs & Assistance	7.8
Finance & Taxes	7.4
Member Services	3.9
Human Resources/Diversity, Equity & Inclusion & Workforce Development	3.6
Total	**58.9**

The approved core budget expenditures by department for 2022 are noted below.

Department	Core 2022 Expense Budget *(in millions of $s)*
Clean Energy & Environment	4.0
Communications	7.5
Customer Solutions	4.6
Energy Supply & Finance	7.9
General Counsel's Office	4.5
Government Relations	3.5
Human Resources	1.5
Member Engagement	3.3
Political & External Affairs	6.5
Security, Preparedness & Reliability	9.2
State & Federal Regulatory Affairs	6.4
Total	**58.9**

Lobbying Expenditures and Disclosure

EEI reports its lobbying expenses to Congress as required by federal law via the quarterly filing of Lobbying Disclosure Reports. EEI uses the definitions provided by both the Lobbying Disclosure Act and the Internal Revenue Code (IRC) section 162(e) to identify lobbying expenses. This includes both federal lobbying and state-level lobbying and grassroots advocacy.

Following are links to EEI's lobbying disclosure reports for 2021:

- Quarter 1
- Quarter 2
- Quarter 3
- Quarter 4

EEI estimates the amount of member dues that likely will be spent on lobbying each year and provides that percentage to members as part of their annual dues invoice. EEI provides an actual percentage at the end of the year after all reports have been filed.

In 2021, 14.3% of EEI dues was used for lobbying activities. For 2022, we estimate that the amount will be 13%.

In addition, EEI runs the Political Action Committee (PAC) known as PowerPAC. PowerPAC is funded by contributions made by EEI member companies, member company executives and other employees, and eligible EEI employees. EEI matches employees' PowerPAC contributions, directed to the charity of the employee's choice. In 2021, the PowerPAC match was approximately $80,000 and came from EEI's core budget.

PowerPAC reports its activities to the Federal Election Commission (FEC) every month as required by law. These reports can be found on the FEC website.

Contributions

EEI makes contributions to various political and charitable groups, including IRC section 501(c)(4) and section 527 organizations. These amounts are included in the amounts EEI reports to members as lobbying expenses. The 2021 contributions to these groups totaled $585,500. A similar contributions budget is expected for 2022.

A complete list of the groups to which EEI makes contributions that are greater than $5,000 is reported each year on the Form 990, Return of Organization Exempt From Income Tax, filed with the Internal Revenue Service.

EEI's 2021 Form 990 will be filed in November 2022. The 2020 Form 990 can be found here.

Organizations to which EEI contributed more than $5,000 in 2020:

- African American Mayors Association
- All Hazards Consortium
- Alliance to Save Energy
- Alzheimer's Association
- American Association of Blacks in Energy
- American Benefits Council
- American Council for Capital Formation – Center for Policy Research
- American Legislative Exchange Council
- American Society of Association Executives
- American Working Families
- Americans for Tax Reform
- Board of Hispanic Caucus Chairs
- Carbon Utilization Research Council
- Center for Energy Workforce Development
- Citizens Against Government Waste
- Citizens for Responsible Energy Solutions
- Congressional Black Caucus
- Congressional Hispanic Caucus Institute
- Congressional Institute
- Consumer Energy Alliance
- Curators of the University of Missouri
- Democratic Attorneys General Association
- Democratic Governors' Association
- Democratic Legislative Campaign Committee
- Diabetes Research Institute Foundation
- Electric Drive Transportation Association
- Floodplain Alliance for Insurance Reform
- Foundation for Public Affairs
- Friends of Spencer Cox
- J Street Cup
- Massachusetts Institute of Technology
- Mid-America Regulatory Conference
- National Association of Manufacturers
- National Association of Regulatory Utility Commissioners
- National Association of State Energy Officials
- National Black Caucus of State Legislators

(continued)

(Contributions, continued)

- National Capital Area Council Boy Scouts of America
- National Conference of State Legislatures
- National Endangered Species Act Reform Coalition
- National Energy & Utility Affordability Coalition
- National Energy Resources Organization
- National Foundation for Women Legislators
- National Governors Association
- National Hispanic Caucus of State Legislators
- National League of Cities
- National Multiple Sclerosis Society
- National Organization of Black Elected Legislative Women
- National Urban League, Inc.
- NCSL Foundation for State Legislatures
- North American Energy Standards Board
- Northwestern University
- One Nation, Inc.
- Prevent Cancer Foundation
- Republican Attorneys General Association
- Republican Governors Association
- Republican State Leadership Committee
- Roosevelt Institute
- Senate Presidents' Forum
- So Others Might Eat
- Southern States Energy Board
- State Government Leadership Foundation
- Taxpayers Protection Alliance
- The Artists and Athletes Alliance
- The Aspen Institute
- The Council of State Governments
- The Keystone Center
- The Latino Coalition
- The National Labor and Management Public Affairs Committee
- The Third Way Foundation, Inc.
- The U.S. Conference of Mayors
- U.S. Capitol Historical Society
- U.S. Chamber of Commerce
- Unites States Hispanic Chamber of Commerce
- Washington Tennis & Education Foundation
- Western Governors' Association
- Women's Energy Summit

Separately Funded Activities

Some EEI member companies choose to pay for separate activities and programs that fall outside of the core EEI budget. EEI runs these programs for the benefit of these members. These activities and their expected budgets for 2022 are noted below.

For a fee, members and other electric companies can access a range of employment tests that are validated specifically for job functions within the electric industry, including power plant operators, maintenance and craft positions, power dispatching positions, and customer service representatives, among others. Fees are based on the size of the company, with a maximum annual fee of $7,500. None of these funds are used for lobbying or advocacy. More information about the Employment Testing Consortium can be found here.

In addition, most EEI members contribute to the Restoration, Operations, and Crisis Management Program (Restore Power), which focuses on improvements to industry-wide responses to major outages; continuity of industry and business operations; and EEI's all hazards (storms, wildfires, cyber, etc.) support and coordination of the industry during times of crises. Contributions to Restore Power depend on the number of customers a member has, with a maximum contribution of $15,000 annually. None of these funds are used for lobbying or advocacy.

In 2006, federal energy regulators approved the Spare Transformer Equipment Program (STEP), an electric industry program that strengthens the sector's ability to restore the nation's transmission system more quickly in the event of a terrorist attack. STEP represents a coordinated approach to increasing the industry's inventory of spare transformers and streamlining the process of transferring those transformers to affected companies in the event of a transmission outage caused by a terrorist attack. To participate in STEP, members make an annual voluntary contribution of not more than $7,500. None of these funds are used for lobbying or advocacy. More information about STEP can be found here.

Activity	Budget ($s)
Employment Testing Consortium	2,487,000
Restoration, Operations & Crisis Management (Restore Power)	589,000
Spare Transformer Equipment Program	351,000

Emerging Issues

Many EEI member companies choose to make an additional annual contribution of 10% of their dues to an emerging issues fund. This fund, controlled by EEI's President, is designed to allow EEI to respond to issues that were not expected and could not be planned for during the normal budgeting process. In addition, these funds are used to pay political consultants, litigation expenses, and engagement in state legislation and policy matters.

The 2022 emerging issues budget is $5.5 million.

Some of these funds also are used for any advertising that EEI does, particularly social media ads designed to educate the public about power restoration events; public and media relations; and public opinion polling. In 2021, $607,000 was spent on advertising, including social media ads designed to educate the public about power restoration events; $634,000 was spent on public and media relations. For 2022, these expenses are expected to be similar.

EEI estimates the amount of funds in the emerging issues budget that likely will be spent on lobbying each year and provides that percentage to members as part of their annual dues invoice. EEI provides an actual percentage at the end of the year.

In 2021, 27.3% of these funds were used on lobbying activities. For 2022, EEI estimates that this amount will be similar.

Separately Controlled Groups

EEI provides accounting and other services to three unincorporated, issue-specific groups. These groups are the Avian Power Line Interaction Committee, Energy Wildlife Action Coalition, and the Utility Solid Waste Activities Group.

These groups send separate invoices to their members. These amounts are not included in EEI dues. In addition, the Executive Directors of two of these groups are EEI employees for purposes of payroll and benefits. EEI is a member of these groups and pays them dues. These dues come from the emerging issues fund.

EEI's relationship to these groups is governed by separate Memoranda of Understanding (MOU), which explicitly state that EEI does not control these groups, their policy engagement, or any expenditures. These MOU require these groups, as appropriate, to compensate EEI for any office support provided, including overhead. Because these groups are not incorporated, EEI reports the dues these groups receive, and that EEI holds, on our 990 as if they are our own and includes any lobbying done by their Executive Directors in our lobbying disclosure reports.

These groups and their 2022 budgets are noted below, along with EEI's membership dues. EEI excludes these dues from amounts reported to member companies that may be recoverable from their customers.

Group	2022 Budget ($s)	EEI 2022 Dues ($s)
Avian Power Line Interaction Committee (APLIC)	193,000	2,500
Energy Wildlife Action Coalition (EWAC)	1.1 million	38,000
Utility Solid Waste Activities Group (USWAG)	4.1 million	41,000
Utility Water Act Group (UWAG)*	N/A	131,000

**EEI does not provide accounting or other financial services to UWAG. EEI is a member of UWAG and pays annual dues.*

Charitable Organizations and Foundations

EEI has two associated IRC section 501(c)(3) organizations: The Center for Energy Workforce Development (CEWD) and the Institute for Electric Innovation/Edison Foundation. EEI pays dues of $105,000 to CEWD annually. These funds are from the core budget. EEI does not make any contributions to the Edison Foundation.

In 2022, EEI anticipates providing $337,000 of in-kind support to CEWD in the form of administrative, accounting, and legal support services. EEI does not provide any in-kind support to the Foundation.

EEI member companies can choose to support these organizations via separate voluntary contributions.

To learn more about these groups, visit:

The Center for Energy Workforce Development

The Institute for Electric Innovation/The Edison Foundation

About EEI

The **Edison Electric Institute** (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for more than 220 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 65 international electric companies with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members.

Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

For more information, visit our Web site at **www.eei.org.**

Contact

Emily Sanford Fisher

General Counsel,
Corporate Secretary, and
Senior Vice President,
Clean Energy

efisher@eei.org
202-508-5616

February 2022

Edison Electric Institute
701 Pennsylvania Avenue, NW
Washington, DC 20004-2696
202-508-5000 | www.eei.org

/EdisonElectricInstitute
@Edison_Electric
Edison Electric Institute