

# Exhibit No. 16P

Evergy Missouri West – Exhibit 16P  
Bradley D. Lutz  
Surrebuttal Testimony  
File No. EF-2022-0155

Exhibit: \_\_\_\_\_

Issues: Allocation of SUTC Among  
Customer Classes; Tariff and  
Billing Matters; Nucor Tariff

Witness: Issues

Type of Exhibit: Bradley D. Lutz

Sponsoring Party: Surrebuttal Testimony

Case No. Evergy Missouri West

Date Testimony Prepared: EF-2022-0155  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO:**

**EF-2022-0155**

**SURREBUTTAL TESTIMONY**

**OF**

**BRADLEY D. LUTZ**

**ON BEHALF OF**

**EVERGY MISSOURI WEST**

**Kansas City, Missouri  
July 2022**

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**SURREBUTTAL TESTIMONY**

**OF**

**BRADLEY D. LUTZ**

**Case No. EF-2022-0155**

**I. INTRODUCTION**

1 **Q: Please state your name and business address.**

2 A: My name is Bradley D. Lutz. My business address is 1200 Main, Kansas City, Missouri  
3 64105.

4 **Q: Are you the same Bradley D. Lutz who submitted direct testimony in this docket on**  
5 **March 11, 2022?**

6 A: Yes.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of Evergy Missouri West, Inc. d/b/a Evergy Missouri West  
9 (“EMW” or the “Company”).

10 **II. PURPOSE OF SURREBUTTAL TESTIMONY**

11 **Q: What is the purpose of your surrebuttal testimony?**

12 A: The purpose of my rebuttal testimony is to respond to the rebuttal testimony of Staff  
13 witness Sarah Lange regarding allocation of the securitized utility tariff charges among the  
14 customer classes and tariff and billing matters. I will also respond to the rebuttal testimony  
15 of Staff witness Luebbert regarding an adjustment he proposes to reduce the total costs to  
16 be recovered through securitized bonds in connection with the Company’s service to  
17 Nucor.

1 **Q: How will your surrebuttal testimony be organized?**

2 A: In addition to the introduction (section I) and purpose of surrebuttal testimony (section II),  
3 my surrebuttal testimony will be organized as follows:

4 III. Response to Staff Witness Lange

5 A. Allocation of SUTC Among Customer Classes

6 B. Tariff and Billing Matters

7 1. Treatment of partial and late payments and interaction with Cold  
8 Weather Rule.

9 2. Use and treatment of accounts and subaccounts in connection with  
10 SUTC

11 3. Dates of Recovery and Accumulation Periods

12 4. Applicability to specific customer types

13 5. Treatment of changes in customer base and service territory

14 6. Inclusion of true-up mechanism in tariff

15 7. Bill contents related to securitized utility tariff charges

16 IV. Response to Staff Witness Luebbert

17 **III. RESPONSE TO STAFF WITNESS LANGE**

18 **A. Allocation of securitized utility tariff charges among customers**

19 **Q: How does Staff witness Lange propose to allocate the SUTC among EMW's**  
20 **customers?**

21 A: As Staff witness Lange describes on page 20 of her rebuttal testimony, she proposes to use  
22 loss-adjusted energy sales to allocate the SUTC for Winter Storm Uri costs among the  
23 Company's customers.

1 **Q: How do you respond to this proposal by Staff witness Lange?**

2 A: While different than the method originally proposed by the Company (customer class  
3 revenue allocations adopted by the Commission in EMW's most recently concluded  
4 general rate proceeding, ER-2018-0146), I understand the basis for Staff witness Lange's  
5 recommendation and find it reasonable.

6 **Q: Why do you find Staff witness Lange's proposal to allocate the SUTC among the  
7 Company's customers on the basis of loss-adjusted energy sales to be reasonable?**

8 A: As Staff witness Lange notes on page 20 of her rebuttal testimony, the Winter Storm Uri  
9 costs the Company seeks to recover through securitized bonds consist of fuel and purchased  
10 power costs that are typically recovered through the Fuel Adjustment Clause ("FAC").  
11 Rate elements under the FAC are developed based on allocations to the various customers  
12 using loss-adjusted energy sales. Thus, her proposed allocation of the SUTC is consistent  
13 with the allocation under the FAC.

14 In addition, we examined loss-adjusted energy sales during February 2021 when  
15 Winter Storm Uri occurred, and that data shows loss-adjusted energy sales by voltage  
16 during that period to be consistent with loss-adjusted energy sales by voltage during  
17 subsequent periods.

18 I therefore concur in Staff witness Lange's recommendation to use loss-adjusted  
19 energy sales to allocate the SUTC among the Company's customers. I have used the FAC  
20 approach, along with updated revenue requirement information as detailed in Company  
21 witness Klote's surrebuttal testimony to calculate the updated retail rate impact of the  
22 SUTC that would result from the Company's current position in this proceeding. The  
23 following details the calculation.

<b>Total Securitized Revenue Requirement</b>		<b>\$ 33,483,107</b>
Estimated Recovery Period NSI (without Nucor)	kWh	8,848,730,509
January 2023 - December 2023		
<b>SUR Rate</b>		<b>\$ 0.00378</b>
VAF <sub>Sec</sub>	1.0426	\$ 0.00395
VAF <sub>Prim</sub>	1.0268	\$ 0.00389
VAF <sub>Sub</sub>	1.0133	\$ 0.00383
VAF <sub>Trans</sub>	1.0100	\$ 0.00382
	<b>Proposed Rate</b>	<b>\$ per kWh</b>
	<b>Schedule</b>	
	Secondary	\$0.00395
	Primary	\$0.00389
	Substation	\$0.00383
	Transmission	\$0.00382

1

2 **Q: Have you updated the estimated customer impact for the Charge?**

3 A: Yes. For Everygy Missouri West, the estimated Charge would be approximately \$4.02 per  
4 month for 1,020 kWh of usage, the average residential energy consumption determined in  
5 ER-2018-0146. The Charge represents 5.41% of the base residential average monthly  
6 customer bill total, the primary portion of the bill not including riders, taxes, or fees.

7 As noted in my direct testimony, the actual average bill impact of the Charge will  
8 vary based on changes in customer growth and usage projections as well as changes in  
9 market interest rates and the proposed bond structure, as well as for changes in Winter  
10 Storm Uri costs that could occur for items such as accrued carrying charges after January  
11 31, 2023 that may occur between now and the issuance date of the bonds.

12 **Q: Will the allocation of the SUTC among customers be re-examined during general rate**  
13 **cases?**

14 A: Based on my reading of section 393.1700.2(3)(c)h and advice of counsel, I believe the  
15 customer allocation of the SUTC can be changed in any general rate case but that does not

1 require the Commission to order any such change. Thus, if the topic is not addressed in a  
2 general rate case, the allocation method for the SUTC shall continue in effect after the  
3 general rate case as it had operated before that rate case.

4 **B. Tariff and Billing Matters**

5 *1. Treatment of partial and late payments and interaction with Cold Weather Rule*

6 **Q: On page 3 of her rebuttal testimony, Staff witness Lange recommends that the SUTC**  
7 **tariff sheets include a provision addressing treatment of late and partial payments**  
8 **and interaction with the Cold Weather Rule. How do you respond?**

9 A: Regarding her recommendation to include a tariff provision in the SUTC tariff sheets  
10 addressing these issues, the Company has no objection. The Company is not in complete  
11 agreement, however, with the manner in which Staff witness Lange proposes to treat late  
12 and partial payments. Company witness Gummig addresses this issue in his surrebuttal  
13 testimony. It should be noted, to reiterate a point Mr. Gummig makes in his surrebuttal  
14 testimony, that the Company's proposal regarding interaction with the Cold Weather Rule  
15 – as originally submitted in EMW's direct testimony – aligned with Staff witness Lange's  
16 recommendation regarding interaction with the Cold Weather Rule.

17 **Q: Have you developed a provision addressing the treatment of late and partial payments**  
18 **and interaction with the Cold Weather Rule for inclusion in the SUTC tariff sheets?**

19 A: Yes, see page 6 of Schedule BDL-3. This provision is included to meet Staff witness  
20 Lange's request for a tariff provision on these topics but addresses the treatment of late and  
21 partial payments as recommended by Company witness Gummig.



1 2. *SUTC tariff provisions regarding use of accounts and subaccounts in connection with*  
2 *SUTC*

3 **Q: On page 3 of her rebuttal testimony, Staff witness Lange recommends that the SUTC**  
4 **tariff sheets include a provision regarding the use of any general account, capital**  
5 **subaccount, excess funds subaccount, or any other subaccount used to collect**  
6 **securitized utility tariff charges and make payments on securitized utility tariff**  
7 **bonds. How do you respond?**

8 A: Although I am not certain this is necessary given that the financing order will clearly cover  
9 these issues (see paragraphs 45-49 on pages 29-31 of Schedule SL-2, the proposed  
10 financing order appended to Company witness Lunde's direct testimony), I have no  
11 objection to including a tariff provision governing the use of such accounts or subaccounts  
12 in the SUTC tariff sheets provided that the language is identical to the language on that  
13 topic in the financing order. I have included such a provision in Schedule BDL-3 on pages  
14 4-6.

15 3. *Dates of Recovery and Accumulation periods*

16 **Q: On page 3 of her rebuttal testimony, Staff witness Lange recommends that the SUTC**  
17 **tariff sheets include a provision regarding the definition of Accumulation and**  
18 **Recovery periods specifying whether such periods align with billing months, revenue**  
19 **months, calendar months or fixed calendar dates. How do you respond?**

20 A: The Company recommends that both the Accumulation and Recovery periods align with a  
21 calendar month. This avoids the complexity of fixed calendar dates, due to the uncertainty  
22 at this time regarding the possibility of more frequent filings that may be necessary to  
23 ensure sufficient funds are available to make bond payments. For example:

1                    “Recovery Period” (RP) means the 12 months beginning with the first day  
2                    of the month (**calendar month**) following approval of the SUTC rate update  
3                    by the MPSC, and each 12-month period thereafter.  
4

5                    In addition, Staff witness Lange provided an outline of Time Periods with specific dates  
6                    for both the Recovery period and Accumulation period in the proposed tariff example  
7                    included in Rebuttal testimony. The dates listed by Ms. Lange in the proposed tariff created  
8                    some confusion for the Company regarding Staff’s view of the timing of the filings.  
9                    Because the specific bond issuance date is unclear at this time, I propose further discussions  
10                   be held with Staff to collaborate and discuss each party’s understanding to more  
11                   appropriately define both Accumulation Period and Recovery Period. From a Company’s  
12                   perspective we see these two timeframes as covering the same period, but will discuss with  
13                   the Staff.

14                   4.        *Applicability of SUTC to specific customer types*

15   **Q:    On pages 7-10 of her rebuttal testimony, Staff witness Lange describes the non-**  
16   **bypassable nature of the SUTC and specifies how the SUTC would be applied to**  
17   **specific customers and/or service arrangements. How do you respond?**

18   **A:**    As a general matter I agree with her recommendations. Specifically, I:

- 19                    ▪        Agree that, in the case of net metered customers, the SUTC would be  
20                    applied to net metered amounts, by month, that exceed the energy produced  
21                    by a net metered customer but the SUTC shall not be credited against the  
22                    net metered amount, by month, if the net energy produced exceeds the  
23                    energy consumed for that month;

- 1           ▪       Agree that the SUTC would not be applied to Nucor because Nucor was  
2                   served under a special contract as of August 28, 2021, and is thus exempt  
3                   from the SUTC as provided by section 393.1700.1(19);
- 4           ▪       Agree based on Missouri Securitization Statute language that service to be  
5                   provided under a new rate not part of a preexisting rate class, approved  
6                   between general rate proceedings, such as the MKT tariff should not be  
7                   exempt from the SUTC even though there are currently no customers served  
8                   under that tariff. Under the Company’s updated approach, the SUTC will  
9                   be assigned based on voltage instead of by class, removing this issue.  
10                  Future rates, regardless of class, will be at one of the defined voltages and  
11                  a charge will be available to be applied to all future customers, even those  
12                  served under newly created rate schedules.

13                  5.       *Treatment of changes in customer base and service territory*

14   **Q:    On page 8 of her rebuttal testimony, Staff witness Lange recommends that language**  
15   **be included in the SUTC tariff making clear that the SUTC will be applied to**  
16   **customers newly served by EMW due to organic growth within its existing service**  
17   **territory or expansion of EMW’s service territory by way of a new certificate of**  
18   **convenience and necessity or a new territorial agreement, but that the SUTC would**  
19   **not apply to a new customer base in the event a utility was merged with, or acquired**  
20   **by, EMW in the future. How do you respond?**

21   **A:**    This recommendation by Staff witness Lange is reasonable and I have included language  
22           to effectuate that in the exemplar SUTC tariff sheets attached as Schedule BDL-3, page 1.

1                   6.       *Inclusion of true-up mechanism in SUTC tariff sheets*

2   **Q:    On pages 11-14 of her rebuttal testimony, Staff witness Lange recommends that the**  
3       **SUTC tariff sheets include the true-up mechanism language that will be used to**  
4       **administer the SUTC for Winter Storm Uri costs. How do you respond?**

5   **A:    This recommendation is reasonable and I have included the true-up language from the**  
6       **proposed financing order appended to the direct testimony of Company witness Lunde (as**  
7       **corrected for the issue identified by Company witness Klote in his surrebuttal testimony)**  
8       **in the exemplar SUTC tariff sheets appended hereto as Schedule BDL-3, pages 2-4.**

9                   7.       *Tariff provisions on billing procedures and bill contents related to SUTC*

10 **Q:    On pages 17-18 of her rebuttal testimony, Staff witness Lange recommends that the**  
11 **SUTC tariff include provisions stating:**

12 **1.    The characteristics of the SUTC under sections 393.1700.4(1) and**  
13 **393.1700.1(16) (i.e., non-bypassable; applicable to all retail customers except those**  
14 **served under special contract as of August 28, 2021; separate and apart from base**  
15 **retail rates of EMW; collected by EMW as collection agent, etc.);**

16 **2.    The SUTC rate applicable to service with the case number identifying each**  
17 **financing order to EMW;**

18 **3.    The SUTC is the property of the assignee to whom EMW has assigned the**  
19 **rights the SUTC and that EMW is acting as a collection agent or servicer for that**  
20 **assignee;**

21 **4.    The requirement that the SUTC will presented on each customer's bill as a**  
22 **separate line item including the rate and the amount of the charge; and**

1           **5. How these charges are collected in the event payment is not made, is late or is**  
2           **only partially made.**

3   A:    These recommendations are also reasonable and were in part, already in the exemplar tariff  
4           offered in the direct testimony. Items 1, 2, and 3 are already addressed. Item 4 has been  
5           added in the exemplar tariff sheets attached hereto as Schedule BDL-3. Language  
6           addressing item 5 is found on page 6 of Schedule BDL-3 and was addressed earlier in this  
7           testimony as part of the edits for the Cold Weather Rule processing.

8                           **IV. RESPONSE TO STAFF WITNESS LUEBBERT**

9   **Q: What is the purpose of this portion of your testimony?**

10   A:    I will respond to the Staff’s testimony concerning Evergy Missouri West’s administration  
11           of the Special Incremental Load tariff, Schedule SIL (“SIL Tariff”) and related efforts to  
12           comply with the Non-Unanimous Stipulation and Agreement approved in EO-2019-0244  
13           (“SIL Stipulation”) in providing service to Nucor Steel Sedalia, LLC (“Nucor”). My  
14           testimony is offered in conjunction with the testimony of Company witness John Carlson  
15           on this matter. Mr. Carlson discusses Mr. Luebbert’s analyses of Nucor’s purchased power  
16           costs and customer event balancing. My testimony speaks to the expectations of Evergy  
17           Missouri West concerning Nucor’s operations, Evergy Missouri West’s efforts to monitor  
18           the operations, and our expectations for the Nucor operations going forward. My testimony  
19           responds in general to the Staff disallowance and concludes that costs have been tracked  
20           appropriately and the SIL Tariff rate revenue received from Nucor more than covers the  
21           cost to provide service when Staff’s analysis is corrected for errors and flawed  
22           assumptions.

1 **Q: Have you reviewed the testimony and work papers of Mr. Luebbert?**

2 A: Yes.

3 **Q: Do you think the testimony and analysis of Mr. Luebbert accurately represents**  
4 **Evergy Missouri West’s efforts to provide service to Nucor, administer the tariff, and**  
5 **comply with the terms of the SIL Stipulation?**

6 A: No.

7 **Q: Do you think the non-participant protections of the tariff and SIL Stipulation have**  
8 **been maintained in the amounts identified by the Company as Qualified**  
9 **Extraordinary Costs in this Financing Order Application?**

10 A: Yes.

11 **Q: Do you think the proposed Staff disallowance related to Nucor is appropriate?**

12 A: No.

13 **Q: Let us begin by examining Evergy Missouri West's expectations for the Nucor facility.**  
14 **Please describe the plant and its operations.**

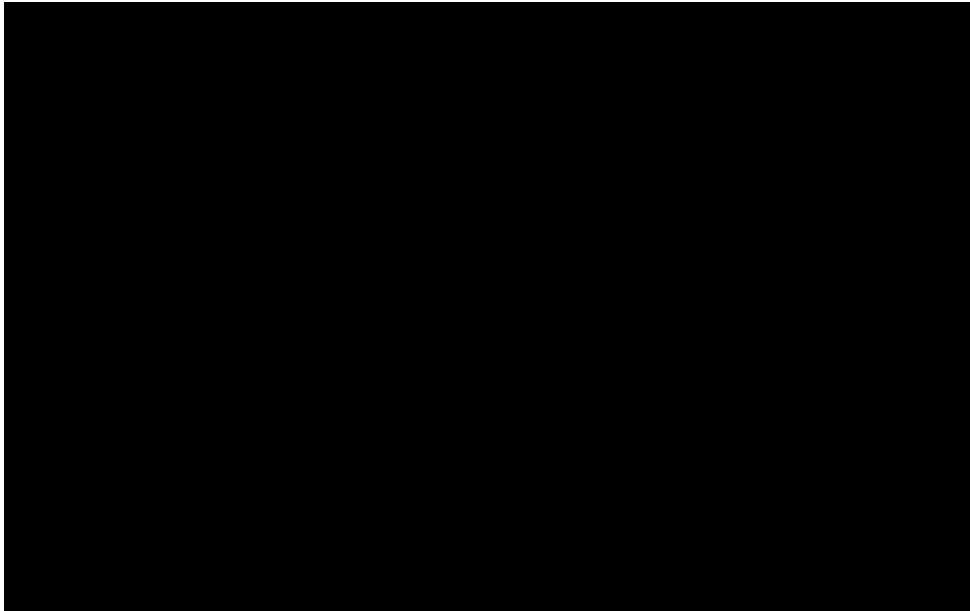
15 A: The Nucor facility is a first of its kind, “micro mill”, utilizing an electric arc furnace to  
16 recycle scrap steel into steel rebar. \*\* [REDACTED]

17 [REDACTED]

18 [REDACTED] \*\* Being that this type of facility did not exist elsewhere,  
19 that some of the major components were being used together for the first time, and the  
20 plain fact of the expected load factor, all set the expectation that the loads would be variable  
21 and that it might take time for the facility to achieve operational stability. The following  
22 two-hour load profile (Figure 1) helps show the load variability expected at the time.<sup>[1]</sup>

1

**\*\*Figure 1\*\***



2

3 **Q: Was this information known at the time of the SIL Stipulation?**

4 A: Yes, but Evergy Missouri West was not aware of the challenge associated with obtaining  
5 load projections suitable for our daily forecasting. The Schedule SIL tariff was created for  
6 Nucor and the terms of the SIL Stipulation were predicated on our best understanding at  
7 the time. Had we known of the forecast suitability concerns, our approach toward  
8 monitoring would have been defined in the SIL Stipulation accordingly.

9 **Q: Do you understand why suitable load projections were not available?**

10 A: I understand that Nucor continues to modify their operations to adjust to the new  
11 equipment, refine manufacturing processes, and respond to demands for their product.  
12 These conditions conspire to create load variations that can undermine advance load  
13 planning, particularly from hour to hour. Despite these conditions, Evergy Missouri West  
14 personnel have maintained contact with Nucor to ensure awareness of planned outages and  
15 other anticipated operational events.

**CONFIDENTIAL**

1 **Q: How did Evergy Missouri West adjust to the availability of load information?**

2 A: Early in the interactions with the Nucor operations staff, it became understood that daily  
3 load projections suitable for operational monitoring could not be produced because of hour-  
4 to-hour changes in load projections. For example, while a load projection was being  
5 documented and shared, the projections would change reacting to start-up conditions. The  
6 pace of possible load change from hour to hour was problematic. Nucor has been entirely  
7 focused on defining what it meant to have “ordinary” operations, so it became a challenge  
8 to identify what was “extraordinary.” \*\* [REDACTED]

9 [REDACTED]  
10 [REDACTED] \*\* Company Market Operations personnel maintain a strong understanding of the  
11 energy market dynamics and used their expertise to respond to the lack of reliable load  
12 data. \*\* [REDACTED]

13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED] — [REDACTED]  
16 [REDACTED]  
17 [REDACTED]

18 [REDACTED] \*\* The surrebuttal testimony of John Carlson details  
19 this process more fully: \*\* [REDACTED]

20 [REDACTED]  
21 [REDACTED] \*\*

22 In summary, after reviewing the Schedule SIL tariff and the Stipulation from the  
23 EO-2019-0244 case, Evergy Missouri West relied on the fact that Nucor load was to be



1 monitored and tracked as part of the overall Evergy Missouri West load. This, in addition  
2 to steps taken as part of the Evergy Missouri West Day-Ahead load forecasting and Nucor  
3 cost tracking to remove all Nucor usage from the Fuel Adjustment Clause at a rate that  
4 includes both Day-Ahead and Real-Time amounts, provided Evergy Missouri West  
5 comfort that the operations of Nucor were not impacting other customers, consistent with  
6 the goals of the ratepayer protections.

7 **Q: Do you believe these steps are consistent with the expectation of the tariff and the SIL**  
8 **Stipulation?**

9 A: Yes. The tariff and the SIL Stipulation both include an overarching expectation to have  
10 Nucor pay all costs for its service. Evergy Missouri West does not dispute this expectation  
11 and took steps in response to observed conditions to maintain this goal. The combination  
12 of these steps achieves that goal within the precision allowed by Southwest Power Pool  
13 (“SPP”) load tracking.

14 **Q: What do you mean by “within the precision of the SPP load tracking”?**

15 A: \*\* [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]

21 [REDACTED] \*\* It is reasonable to expect that the Nucor load deviations could result in  
22 reductions of cost as much as the deviations could cause increases in costs.

1 **Q: Is this a problem for the tracking of costs as anticipated by the SIL Stipulation?**

2 A: No. It does mean some assumptions will be made to quantify the costs. When required,  
3 Every Missouri West is conservative in its assumptions so that cost subsidization does not  
4 occur.

5 **Q: Are the adjustments made by Every Missouri West concerning this monitoring**  
6 **temporary?**

7 A: Yes, we believe so. \*\* [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED] \*\* It

12 is for these reasons that the recommendations by Mr. Luebbert on pages 30-31 of his  
13 rebuttal testimony are premature.

14 **Q: Turning to the Staff disallowance performed by Mr. Luebbert and surrebuttal**  
15 **testimony of John Carlson, do you believe the Staff disallowance properly estimates**  
16 **the costs to serve Nucor, including the impact of possible deviations in Nucor load?**

17 A: No. Staff witness Luebbert indicated his disallowance estimate was the result of Customer  
18 Event Balancing costs. For this Customer Event Balancing estimate, the Company  
19 determined Staff utilized the wrong number of hours as a threshold and relied on a setpoint  
20 approach to estimate a potential imbalance. Despite expected issues with accuracy, the  
21 setpoint approach assumed a single, static load for all hours instead of a fluctuating load  
22 more representative of the actual Nucor load. The overall impact of these corrections  
23 completed by Mr. Carlson is to change the \*\* [REDACTED] \*\* estimated financial impact at the

1       \*\*[REDACTED]\*\* setpoint in February 2021 to a \*\* [REDACTED] \*\* benefit. This corrected and more  
2 representative view of the Nucor operations and market interaction supports the Evergy  
3 Missouri West position that no costs have been purposely or inadvertently passed to other  
4 customers.

5 **Q: Could Staff have used actual Nucor load data instead of the “setpoint” approach?**

6 A: Yes. \*\* [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED] <sup>1</sup> [REDACTED]  
11 [REDACTED] \*\*

12 **Q: After the corrections and updates described, have Nucor revenues covered the cost to**  
13 **provide service?**

14 A: Yes. These corrections and updates better reflect the cost to serve Nucor on the SIL rate,  
15 but contrary to the Staff analysis, the SIL rate paid by Nucor more than covers the costs to  
16 provide service.

17 **Q: Do you believe that any adjustment to the amounts identified by the Company as**  
18 **Qualified Extraordinary Costs is justified concerning Nucor?**

19 A: No, I do not.

20 **Q: Does that conclude your testimony?**

21 A: Yes, it does.

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<sup>1</sup> This load profile was offered in response to data request #0002 from Staff in Case EO-2019-0244.



**EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST**

P.S.C. MO. No. \_\_\_\_\_ Revised Sheet No. \_\_\_\_\_  
Canceling P.S.C. MO. No. \_\_\_\_\_ Original Sheet No. \_\_\_\_\_

For Missouri Retail Service Area

**SECURITIZED UTILITY TARIFF RIDER**  
**Schedule SUR**

**APPLICABILITY**

The Securitized Utility Tariff Rider is a non-bypassable charge paid by all existing or future retail customers receiving electrical service from an electrical corporation or its successors or assignees under Commission-approved rate schedules (except for customers receiving electrical service under special contracts on August 28, 2021), even if a customer elects to purchase electricity from an alternative electricity supplier following a fundamental change in regulation of public utilities in Missouri.

The Securitized Utility Tariff Rider will be applicable to customers newly served by the Company due to organic growth within its existing service territory or expansion of the Company’s service territory by way of a new certificate of convenience and necessity or a new territorial agreement. The Securitized Utility Tariff Rider will not apply to customers in other utility jurisdictions merged with, or acquired by, the Company in the future.

**SECURITIZED UTILITY TARIFF CHARGE**

The Securitized Utility Tariff Charge applicable to energy consumed under the Company’s various rate schedules and approved in a Financing Order issued to the Company by the Commission. The Securitized Utility Tariff Charge is presented on each customer’s bill as a separate line item including the rate and the amount of the charge. Each applicable Financing Order is listed below:

**Case No. EF-2022-0155, The Petition of Evergy Missouri West, Inc. d/b/a Evergy Missouri West for a Financing Order Authorizing the Financing of Qualified Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds:**  
The terms of which Financing Order are incorporated by reference in this Rider as if fully set forth herein, and will be adjusted at least annually to ensure timely payment of principal, interest and financing costs of Securitized Utility Tariff Bonds from the effective date of the Securitized Utility Tariff Charge until the Securitized Utility Tariff Bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity (“SPE”) is the owner of the securitized utility tariff property which includes all rights to impose, bill, charge, collect, and receive the relevant Securitized Utility Tariff Charge and to obtain periodic adjustment to such charges. Company, as servicer or other third-party servicer, shall act as SPE’s collection agent for the relevant Securitized Utility Tariff Charge.

SECURITIZED UTILITY TARIFF RIDER Schedule SUR
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**TRUE-UP**

Under Section 393.1700.2.(3)(c)e, the servicer of the securitized utility tariff bonds will use a formula-based true-up mechanism to make periodic, expeditious adjustments, at least annually, to the securitized utility tariff charges to:

- a. correct any undercollections or overcollections that may have occurred and ensure that the SPE receives payments that are required to satisfy the debt obligations and other required amounts, including without limitation any caused by defaults, during the preceding 12 months; and
- b. ensure the billing of securitized utility tariff charges necessary to generate the collection amounts sufficient to timely provide all scheduled payments of principal and interest (or deposits to sinking funds in respect of principal and interest) and any other amounts due in connection with the securitized utility tariff bonds (including ongoing fees and expenses and amounts required to be deposited in or allocated to any collection account or subaccount, trustee indemnities, payments due in connection with any expenses incurred by the indenture trustee or the servicer to enforce bondholder rights and all other payments that may be required under the waterfall of payments set forth in the indenture) during the period for which such adjusted securitized utility tariff charges are to be in effect.

With respect to any series of securitized utility tariff bonds, the servicer will make true-up adjustment filings with the Commission annually, and if the servicer forecasts undercollections, semi-annually.

True-up filings will be based upon the cumulative differences, regardless of the reason, between the periodic payment requirement (including scheduled principal and interest payments on the securitized utility tariff bonds) and the amount of securitized utility tariff charge remittances to the indenture trustee. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet the periodic payment requirement over the expected life of the securitized utility tariff bonds. To assure adequate securitized utility tariff charge revenues to fund the periodic payment requirement and to avoid large overcollections and undercollections over time, the servicer will reconcile the securitized utility tariff charges using the Company's most recent forecast of electricity deliveries (i.e., forecasted billing units) and estimates of transaction-related expenses. The calculation of the securitized utility tariff charges will also reflect both a projection of uncollectible securitized utility tariff charges and a projection of payment lags between the billing and collection of securitized utility tariff charges based upon the Company's most recent experience regarding collection of securitized utility tariff charges.

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**TRUE-UP (continued)**

The servicer will make true-up adjustments in the following manner, known as the standard true-up procedure:

- a) allocate the upcoming period's periodic revenue requirement based on the customer rate voltages approved in the Financing Order;
- b) calculate undercollections or overcollections, including without limitation any caused by defaults, from the preceding period ~~in each class~~ by subtracting the previous period's securitized utility tariff charge revenues collected from the ~~from each rate class from the class~~ revenue requirement determined for ~~that rate class for~~ the same period;
- c) sum the amounts ~~allocated to each customer class~~ in steps (a) and (b) to determine an adjusted ~~class~~ revenue requirement ~~for each securitized utility tariff charge customer rate class~~; and
- d) divide the amount ~~assigned to each customer class~~ in step (c) above by the appropriate forecasted billing units to determine the securitized utility tariff charge rate ~~by class~~ for the upcoming period.

Interim True-Up

In addition to these annual and semi-annual true-up adjustments, true-up adjustments may be made by the servicer more frequently at any time during the term of the securitized utility tariff bonds to correct any undercollection, as provided for in the Financing Order, in order to assure timely payment of securitized utility tariff bonds based on rating agency and bondholder considerations. Further, the servicer must make a mandatory interim true-up adjustment semi-annually (or quarterly beginning 12 months prior to the final scheduled payment date of the last tranche of the securitized utility tariff bonds):

- a) if the servicer forecasts that securitized utility tariff charge collections will be insufficient to make all scheduled payments of principal, interest, and other amounts in respect of the securitized utility tariff bonds on a timely basis during the current or next succeeding payment period; or
- b) to replenish any draws upon the capital subaccount.

In the event an interim true-up (whether mandatory or optional) is necessary, the interim true-up adjustment must use the methodology utilized in the most recent annual true-up and be filed not less than 30 days before the first billing cycle of the month in which the revised securitized utility tariff charges will be in effect. In no event will mandatory interim true-up adjustments occur more frequently than every six months if semi-annual securitized utility tariff bond payments are required, or every three months if quarterly securitized utility tariff bond payments are required; provided, however, that mandatory interim true-up adjustments beginning 12 months prior to the final scheduled payment date of the last tranche of the securitized utility tariff bonds must occur quarterly.

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**TRUE-UP (continued)**

Additional True-Up Provisions

The true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the securitized utility tariff charges. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment or otherwise, shall be corrected and refiled.

Non-Standard True-Up Provisions

The servicer may also submit for approval a non-standard true-up adjustment to propose revisions to the methodology. The Commission will have 60 days to review any non-standard true-up adjustment. Absent a resolution that modifies or rejects the non-standard true-up adjustment, the servicer may implement the adjustments 60 days after the date of its submission.

**USE AND TREATMENT OF SUB-ACCOUNTS**

The General Subaccount

The indenture trustee will deposit the securitized utility tariff charge remittances that the servicer remits to the indenture trustee for the account of SPE into one or more segregated trust accounts and allocate the amount of those remittances to the general subaccount. The indenture trustee will on a periodic basis apply moneys in this subaccount to pay expenses of SPE, to pay principal and interest on the securitized utility tariff bonds, and to meet the funding requirements of the other subaccounts. The funds in the general subaccount will be invested by the indenture trustee in short-term high-quality investments, and such funds (including, to the extent necessary, investment earnings) will be applied by the indenture trustee to pay principal and interest on the securitized utility tariff bonds and all other components of the periodic payment requirement, and otherwise in accordance with the terms of the indenture.



**EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST**

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**USE AND TREATMENT OF SUB-ACCOUNTS (continued)**

The Capital Subaccount

When a series of securitized utility tariff bonds is issued, the Company will make a capital contribution to SPE for that series, which SPE will deposit into the capital subaccount. The amount of the capital contribution is expected to be not less than 0.50% of the original principal amount of each series of securitized utility tariff bonds, although the actual amount will depend on tax and rating agency requirements. The capital subaccount will serve as collateral to ensure timely payment of principal and interest on the securitized utility tariff bonds and all other components of the periodic payment requirement. Any funds drawn from the capital account to pay these amounts due to a shortfall in the securitized utility tariff charge remittances will be replenished through future securitized utility tariff charge remittances. The funds in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such funds (including investment earnings) will be used by the indenture trustee to pay principal and interest on the securitized utility tariff bonds and all other components of the periodic payment requirement. The Company will be authorized to receive a return on the capital contribution at the weighted-average cost of capital authorized in the Company's most recent general rate case plus applicable taxes as ongoing financing costs recoverable through the securitized utility tariff charge. Upon payment of the principal amount of all securitized utility tariff bonds and the discharge of all obligations that may be paid by use of securitized utility tariff charges, all amounts remaining in the capital subaccount at that time, including any investment earnings, will be released to SPE for payment to the Company. Investment earnings in this subaccount may be released earlier in accordance with the indenture.

The Excess Funds Subaccount

The excess funds subaccount will hold any securitized utility tariff charge remittances and investment earnings on the collection account (other than earnings attributable to the capital subaccount and released under the terms of the indenture) in excess of the amounts needed to pay current principal and interest on the securitized utility tariff bonds and to pay other periodic payment requirements (including, but not limited to, replenishing the capital subaccount). Any balance in or allocated to the excess funds subaccount on a true-up adjustment date will be subtracted from the periodic revenue requirement for purposes of the true-up adjustment. The money in this subaccount will be invested by the indenture trustee in short-term high-quality investments, and such money (including investment earnings thereon) will be used by the indenture trustee to pay principal and interest on the securitized utility tariff bonds and other periodic payment requirements.

Other Subaccounts

Other credit enhancements in the form of subaccounts may be utilized for the transaction provided that the of such subaccounts is consistent with the Statutory Requirements. For example, the Company does not propose use of an overcollateralization subaccount. Under Rev. Proc. 2002-49, as modified, amplified and superseded by Rev. Proc. 2005-62 issued by the Internal Revenue Service (IRS), the use of an overcollateralization subaccount is not necessary for favorable tax treatment nor does it appear to be necessary to obtain AAA ratings for the proposed securitized utility tariff bonds.

Issued:

Issued by: Darrin R. Ives, Vice President **Schedule BDL-3**

Effective:

1200 Main, Kansas City, MO 64105

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**USE AND TREATMENT OF SUB-ACCOUNTS**

General Provisions

The collection account and the subaccounts described above are intended to provide for full and timely payment of scheduled principal and interest on the securitized utility tariff bonds and ongoing financing costs and other components of the periodic payment requirement. If the amount of securitized utility tariff charges remitted to the general subaccount is insufficient to make all scheduled payments of principal and interest on the securitized utility tariff bonds and to make payment on all of the other components of the periodic payment requirement, the excess funds subaccount and the capital subaccount will be drawn down, in that order, to make those payments. Any deficiency in the capital subaccount due to such withdrawals must be replenished to the capital subaccount on a periodic basis through the true-up process. In addition to the foregoing, there may be such additional accounts and subaccounts as are necessary to segregate amounts received from various sources, or to be used for specified purposes. Such accounts will be administered and utilized as set forth in the servicing agreement and the indenture. Upon the maturity of the securitized utility tariff bonds and the discharge of all obligations in respect thereof, remaining amounts in the collection account, other than amounts that were in the capital subaccount, will be released to SPE and equivalent amounts will be credited by the Company to customers. Amounts remaining in the capital subaccount at that time will be released to SPE for payment to the Company. In addition, upon the maturity of the securitized utility tariff bonds, to the extent the capital subaccount is not depleted below its original amount, any subsequently collected securitized utility tariff charges shall be distributed to retail customers.

**ADDITIONAL TERMS**

1. Treatment of late and partial payments – the Company will allocate all partial payments (irrespective of Cold Weather Rule status) proportionally based on the portion of each individual charge compared to the total bill.

**EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST**

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**MONTHLY RATE (Case No. EF-2022-0155)**

The incremental rate for the appropriate ~~class~~service voltage shall be shown as in the following table:

<u>Customer Service Voltage</u> <del>Rate Class</del>	<b>Billing Rate (\$ per kWh)</b>
<del>Residential</del> <u>Secondary</u>	\$0. <u>00395</u>
<del>Small General Service</del> <u>Primary</u>	\$0. <u>00389</u>
<del>Large General Service</del> <u>Substation</u>	\$0. <u>00383</u>
<del>Large Power Service</del> <u>Transmission</u>	\$0. <u>00382</u>
<del>Thermal Energy Storage Service</del>	<del>-\$ 0.00267</del>
<del>Special</del>	<del>NA</del>
<del>Lighting</del>	<del>-\$ 0.00714</del>