Exhibit:	
Issue:	Transource; Retail v. Wholesale ROE
Witness:	Buck Reuter
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Evergy Missouri West
Case Nos.:	ER-2024-0189
Date Testimony Prepared:	August 6, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0189

REBUTTAL TESTIMONY

OF

BUCK REUTER

ON BEHALF OF

EVERGY MISSOURI WEST

Kansas City, Missouri
August 2024

REBUTTAL TESTIMONY

OF

BUCK REUTER

Case No. ER-2022-0189

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Buck Reuter. My business address is 818 S. Kansas Avenue, Topeka, Kansas.

Q: Are you the same Buck Reuter who submitted direct testimony in these dockets on February 2024?

A: Yes.

Q: On whose behalf are you testifying?

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

Q: What is the purpose of your rebuttal testimony?

A: The purpose of my rebuttal testimony is to respond to Staff witness Majors' direct testimony on Transource Incentives and Wholesale Transmission Revenue Credit (pages 20-25).

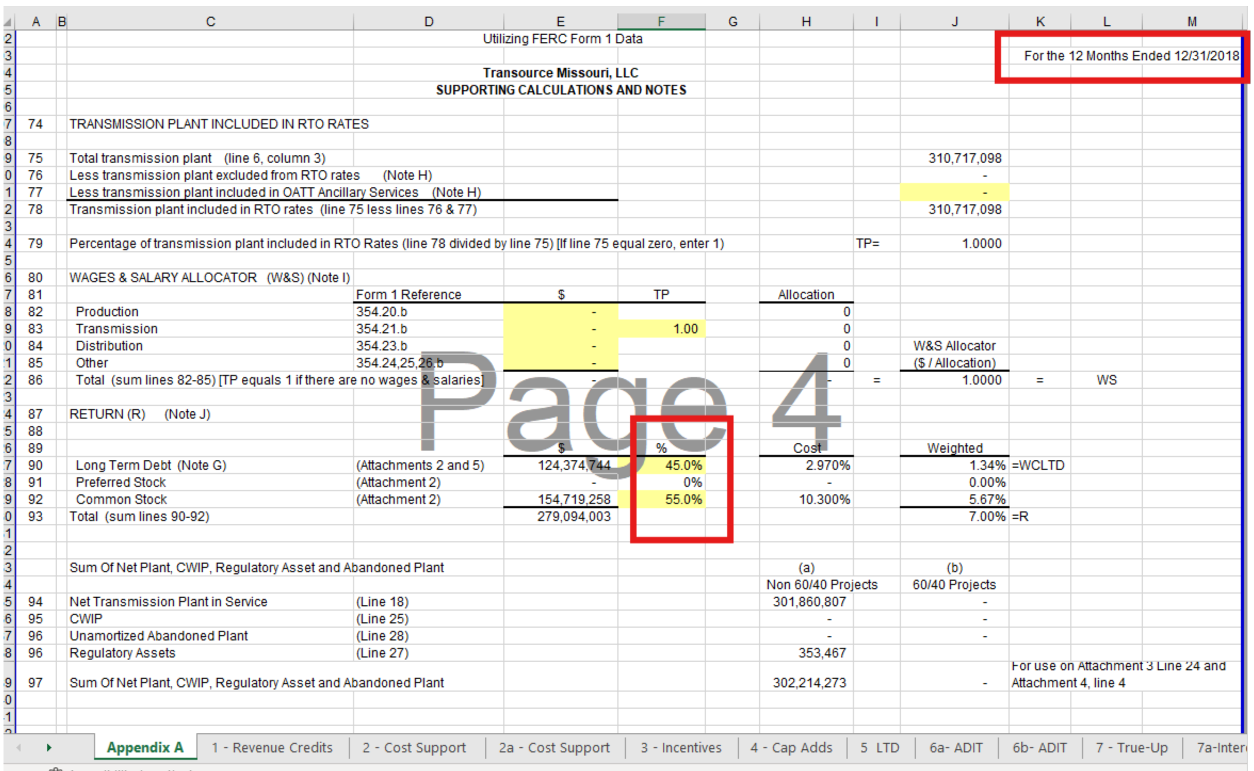
II. TRANSOURCE INCENTIVES

Q: What issues does Evergy see with how Staff updated the CS-108 template?

A: Staff used the same template as utilized in ER-2022-0129 and ER-2022-0130 and only updated the current rates. The effect of only updating the template with Transource's 2024 projected rates means Staff is not using actual rates for years 2018 through 2023.

Q: Can you provide a specific example of where Staff did not update the rates in their template?

A: Yes. On sheet ER-2024-0189 Majors Transource Incentive – Confidential.xlsx, tab MTP (Transource) HC, starting in cell BB61 for January 2018, Staff's formula references the current Cap Structure (2024 Transource projection) and not the actual capital structure for the 2018 year as filed in the Transource Transmission Formula Rate ("TFR"). The below screenshot shows capital structure filed in the TFR as 45.00%; however, Staff used the current rate projection of 45.16% for the year.



A	C	D	E	F	H	I	J	K	L
			Utilizing FERC Form 1 Data					For the 12 Months Ended 12/31/2018	
			Transource Missouri, LLC						
			SUPPORTING CALCULATIONS AND NOTES						
74	TRANSMISSION PLANT INCLUDED IN RTO RATES								
75	Total transmission plant (line 6, column 3)						310,717,098		
76	Less transmission plant excluded from RTO rates (Note H)						-		
77	Less transmission plant included in OATT Ancillary Services (Note H)						-		
78	Transmission plant included in RTO rates (line 75 less lines 76 & 77)						310,717,098		
79	Percentage of transmission plant included in RTO Rates (line 78 divided by line 75) [If line 75 equal zero, enter 1)					TP=	1.0000		
80	WAGES & SALARY ALLOCATOR (W&S) (Note I)								
81		Form 1 Reference	$	TP	Allocation				
82	Production	354.20.b	-		0				
83	Transmission	354.21.b	-	1.00	0				
84	Distribution	354.23.b	-		0		W&S Allocator		
85	Other	354.24,25,26.b	-		0		($ / Allocation)		
86	Total (sum lines 82-85) [TP equals 1 if there are no wages & salaries]		-		-	=	1.0000	=	WS
87	RETURN (R) (Note J)								
88									
89			$	%	Cost		Weighted		
90	Long Term Debt (Note G)	(Attachments 2 and 5)	124,374,744	45.0%	2.970%		1.34%	=WCLTD	
91	Preferred Stock	(Attachment 2)	-	0%	-		0.00%		
92	Common Stock	(Attachment 2)	154,719,258	55.0%	10.300%		5.67%		
93	Total (sum lines 90-92)		279,094,003				7.00%	=R	
	Sum Of Net Plant, CWIP, Regulatory Asset and Abandoned Plant				(a)		(b)		
					Non 60/40 Projects		60/40 Projects		
94	Net Transmission Plant in Service	(Line 18)			301,860,807		-		
95	CWIP	(Line 25)			-		-		
96	Unamortized Abandoned Plant	(Line 28)			-		-		
96	Regulatory Assets	(Line 27)			353,467				
97	Sum Of Net Plant, CWIP, Regulatory Asset and Abandoned Plant				302,214,273		-	For use on Attachment 3 Line 24 and Attachment 4, line 4	

Appendix A
Page 4 of 5

Formula Rate - Non-Levelized — Rate Formula Template — Utilizing FERC Form 1 Data

For the 12 Months Ended 12/31/2024

Transource Missouri, LLC
SUPPORTING CALCULATIONS AND NOTES

77	TRANSMISSION PLANT INCLUDED IN RTO RATES								
78	Total transmission plant (line 6, column 3)						310,420,242		
79	Less transmission plant excluded from RTO rates (Note H)						-		
80	Less transmission plant included in OATT Ancillary Services (Note H)						-		
81	Transmission plant included in RTO rates (line 78 less lines 79 & 80)						310,420,242		
82	Percentage of transmission plant included in RTO Rates (line 81 divided by line 78) [If line 78 equal zero, enter 1]					TP=	1.0000		
83	WAGES & SALARY ALLOCATOR (W&S) (Note I)								
84		Form 1 Reference	$	TP	Allocation				
85	Production	354.20.b	-		0				
86	Transmission	354.21.b	-	1.00	0				
87	Distribution	354.23.b	-		0		W&S Allocator		
88	Other	354.24,25,26.b	-		0		($ / Allocation)		
89	Total (sum lines 85-88) [TP equals 1 if there are no wages & salaries]		-		-	=	1.0000	=	WS
90	RETURN (R) (Note J)								
91									
92			$	%	Cost		Weighted		
93	Long Term Debt (Note G)	(Attachments 2 and 5)	98,804,33	45.16%	2.828%		1.28%	=WCLTD	
94	Preferred Stock	(Attachment 2)	-	0%	-		0.00%		
95	Common Stock	(Attachment 2)	119,970,10	54.84%	10.300%		5.65%		
96	Total (sum lines 93-95)		218,774,44				6.93%	=R	
	Sum Of Net Plant, CWIP, Regulatory Asset and Abandoned Plant				(a) Non 60/40 Projects		(b) 60/40 Projects		
97	Net Transmission Plant in Service	(Line 18)			263,524,656		-		
98	CWIP	(Line 28)			-		-		
99	Unamortized Abandoned Plant	(Line 31)			-		-		
96	Regulatory Assets	(Line 30)			-				
97	Sum Of Net Plant, CWIP, Regulatory Asset and Abandoned Plant				263,524,656		-	For use on Attachment 3 Line 24 and Attachment 4, line 4	

Appendix A | 1 - Revenue Credits | 2 - Cost Support | 2a - Cost Support | 3 - Incentives | 4 - Cap Adds | 5 LTD

eady | Accessibility: Investigate

Q: Is this the only problem with the rates used by Staff?

A: No. The rates for years 2018 through 2023 should be reviewed and updated to the actual rates filed by Transource.

Q: Can you provide an updated template showing where the rates need updated?

A: Yes. I have taken file ER-2024-0189 Majors Transource Incentives and updated it with the correct rates for past years on Transource only. I have highlighted all the changes in red.

Q: After making the above changes in the template, what is the impact to this adjustment?

A: With only making the above-mentioned corrections to rates, it changes the adjustment amount from roughly a $5,000 reduction in revenues to an addition to revenues of approximately $24,000.

Q: What is Evergy's proposal related to the CS-108 Transource adjustment?

A: Evergy is proposing to eliminate adjustment CS-108 in the current case before the Commission, as well as in any future cases. This is due to the complicated nature of the adjustment and the immaterial impact to retail rates.

III. Transmission Revenue ROE (R-80)

Q: What is Staff's position regarding the Company's proposed ROE adjustment in the transmission revenues received from SPP for other Transmission Customers' use of the Company's transmission facilities?

A: Staff recommended that transmission revenues not be adjusted to reflect the differences between MPSC and FERC-authorized ROEs as was calculated in Evergy Adjustment R-80 and discussed in my Direct testimony.

Q: What is the Company's position regarding Staff's recommendation to not include Evergy's Adjustment R-80 in its revenue requirement calculation?

A: The Company does not agree with Staff's exclusion of adjustment R-80 nor does the Company agree with Staff's flawed rationale for its exclusion of the adjustment. The R-80 adjustment was proposed to correct a situation where the crediting of transmission revenue results in wholesale customers paying to reduce Missouri retail customers MPSC authorized return.

Q: Why does the transmission revenue crediting result in Missouri retail customers paying less than the MPSC has authorized?

A: Under the current Missouri retail ratemaking methodology, all of the Company owned transmission assets and related expenses are included in the calculation of the gross retail revenue requirement. This gross retail revenue requirement is based on a MPSC-authorized ROE. The transmission revenue crediting occurs when the Company charges other Transmission Customers through the SPP OATT for their use of the Company-owned transmission assets. Because all the Company-owned transmission assets and related expenses have been included in the gross Missouri retail revenue requirement calculation, transmission revenues received through the SPP OATT for the use of those same Company-owned transmission assets must be credited against the gross retail revenue requirement to arrive at a net retail revenue requirement. The problem with this revenue crediting, however, is that transmission revenues that are being received from other customers purchasing point-to-point transmission through the SPP OATT are based on an Annual Transmission Revenue Requirement ("ATRR") calculated in the Company TFR that is based on a FERC-authorized ROE. The FERC-authorized ROE is different than the MPSC authorized ROE. When the FERC-authorized ROE is higher than the MPSC authorized ROE, the transmission revenues from point-to-point transmission that are being credited against the gross retail revenue requirement are greater than that which was calculated in the gross retail revenue requirement. Essentially, Missouri retail customers are being credited back more than they are charged. This crediting back of more to Missouri retail customers than was built into their gross retail revenue requirement creates an improper arbitrage situation for Missouri retail customers that is controlled by the MPSC. Evergy's Adjustment R-80 eliminates this improper arbitrage situation.

Q: Can you provide a simple example of this situation?

A: Yes. The annul point-to-point rate charged to others under the FERC-approved rate of 11.1% is $53,288 per MW. If you use the lower MPSC rate of return 10.5% offered in this example adjustment the annual point to point rate charged to others is $52,057 per MW. That equals a difference of $1,231 per MW. Why should retail customers get to share in difference of $1,231 per MW if the retail customers are only allowing the lower rate of return?

Q: How does the R-80 adjustment fix this problem?

A: The R-80 adjustment recalculates the transmission revenues received from other Transmission Customers through the SPP OATT by changing the ROE in the Company TFR to the ROE that the MPSC authorize in this rate case. The adjusted transmission revenues from other Transmission Customers that reflect the ROE requested from the MPSC in this rate case are then credited against the retail revenue requirement. This adjustment resolves the problem and creates a situation where the Missouri retail customers are paying the MPSC-authorized return.

Q: You also mentioned above that Staff's rationale for not including the R-80 adjustment was flawed. What was Staff's rationale?

A: Staff's rationale for not including the R-80 adjustment, which is discussed on page 25 of Majors testimony, is also shown below:

> Since no adjustment was made to its transmission expense for the incentives that are included in the costs Evergy Missouri West receives from SPP and charges to its customers, for consistency Staff did not reduce transmission revenues for the difference in Evergy Missouri West's authorized FERC

> ROE of 11.1% and its proposed ROE of 10.5% in this case. Staff did reflect the full financial impact of both transmission revenue and transmission expense. It is Staff's recommendation that Evergy Missouri West's participation in SPP encompasses both the financial impact of Evergy Missouri West's ownership of transmission assets and the financial impacts of the use of other SPP members' transmission assets. Consequently, Evergy Missouri West customers are entitled to all transmission revenues that offset a part of transmission expense.

Q: Why is Staff's rationale flawed?

A: First, as a point of clarification, while the Company's TFR template has a placeholder for CWIP in rate base and some of the other ROE incentives mentioned by Staff, the Company does not currently have FERC approval to apply those incentives to any projects in its TFR. The only incentive that the Company currently has FERC approval for in its TFR is the 50-basis point ROE adder for being a member of an RTO. The application of any of the other incentives would require the Company to get specific FERC approval on a project specific basis.

Q: Is that the main flaw in Staff's rationale?

A: No. The most significant flaw in Staff's rationale is in Majors' discussion above where it is stated that "no adjustment was made to its transmission expense for the incentives that are included in the costs Evergy Missouri West receives from SPP and charges to its customers, for consistency Staff did not reduce transmission revenues for the difference in Evergy Missouri West's authorized FERC ROE of 11.1% and its proposed ROE of 10.5% in this case." Staff's reference to the SPP billing process is also flawed because Evergy Missouri West has elected with SPP Schedule 9 rates to not pay the monthly demand charges to themselves which is a requirement in Missouri.

Q: Why is Staff's rationale flawed?

A: There are fundamental differences between the transmission expenses which is not affected by the ROE change and the revenue returns on its assets which is affected by the ROE difference. The transmission expenses used to calculate the ATRR in the TFR are not adjusted by the ROE. If Evergy Missouri West spends $100,000 on transmission line maintenance, there is $100,000 of expense added to the ATRR with no return calculated.

Q: What is the impact of not including this adjustment as Staff proposes?

A: By not making this adjustment, Staff is using Evergy Missouri West's revenues from point-to-point transmission customers to reduce retail customers rates.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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-2024-0189

AFFIDAVIT OF BUCK REUTER

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Buck Reuter, being first duly sworn on his oath, states:

1. My name is Buck Reuter. I work in Kansas City, Missouri, and I am employed by Evergy Kansas Central, Inc. and serve as Lead Regulatory Analyst.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Evergy Missouri West consisting of eight (8) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Henry S Reuter
Henry "Buck" Reuter

Subscribed and sworn before me this 6th day of August 2024.

Anthony R Westenkirchner
Notary Public

My commission expires: 4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952