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Trackers; Storm and I&D Reserves
Witness: Ronald A. Klote
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2024-0189
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0189

SURREBUTTAL TESTIMONY

OF

RONALD A. KLOTE

ON BEHALF OF

EVERGY MISSOURI WEST

**Kansas City, Missouri
September 2024**

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I. INTRODUCTION AND PURPOSE

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Q: Please state your name and business address.

A: My name is Ronald A. Klot. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: Are you the same Ronald A. Klot who submitted direct testimony on February 2, 2024 and rebuttal testimony on August 6, 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 testimony?

A: The purpose of my surrebuttal testimony is to respond to various witnesses from the Missouri Public Service Commission Staff (“Staff”). Specifically, I respond to the following:

Topic	Witness
Property Tax Tracker	Lyons, Karen (Staff)
CIP/Cyber Security Tracker	Lyons, Karen (Staff)
Time-of-Use Tracker	Lange, Sarah (Staff)
Storm Reserve	Lyons, Karen (Staff)
Injuries & Damages Reserve	Lyons, Karen (Staff)

1 Please note that the Company has attempted to address all substantive issues raised by Staff
2 and OPC or other parties which the Company contests. If the Company inadvertently failed
3 to address an issue raised by any party, the absence of a response does not constitute
4 agreement by the Company with the party, and the Company may respond on the topic at
5 hearing.

6 II. PROPERTY TAX TRACKER

7 **Q: Do you agree with Staff witness Karen Lyons that “EMW is asking the Missouri**
8 **Public Service Commission (“Commission”) to retroactively recover property tax**
9 **expense incurred by EMW since their 2018 general rate case, Case No. ER-2018-0146,**
10 **four years prior to the implementation of the property tax tracker legislation.”¹**

11 **A:** No. Ms. Lyons has mischaracterized the Company’s treatment of property taxes deferred
12 in this rate case. As discussed by Company witness Melissa Hardesty, the Company
13 implemented a property tax tracker on August 28, 2022, the effective date of the legislation
14 which provided for the availability of the property tax tracker. From that point forward the
15 Company tracked on a monthly basis property tax expense recorded against the base level
16 of property tax expense included in the Company’s 2018 rate case.

17 **Q: Did the Company defer over four years property tax expense back to the 2018 rate**
18 **case?**

19 **A:** No. The Company began deferring property tax expense on a monthly basis only after the
20 legislation became effective on August 28, 2022. As stated in my rebuttal testimony, there
21 was no dispute or disagreement between Evergy and Staff regarding property tax levels
22 included in the 2018 rate case. As such, the Company was able to set a monthly base

¹ Karen Lyons Rebuttal, at 20.

1 amount of property tax in order to be compared to what was actually recorded after August
2 28, 2022. The Company did not go back four years to defer monthly property tax expense.
3 Instead, it only began its deferral after the effective date of the legislation. What the
4 Company did do is go back to the last rate case to determine what the base level of property
5 tax that was being collected annually in rates and compare to that amount which is exactly
6 what the legislation provides for.

7 **Q: Does the issue of what amount the Company should be allowed to defer really just**
8 **come down to a disagreement on whether a property tax amount was established in**
9 **the Company's 2018 rate case?**

10 A: Yes. It appears Ms. Lyons is taking a position that no amount of property tax was
11 established in the 2018 rate case. As I stated in my rebuttal testimony, the Company
12 disagrees. Both the Company and Staff had an amount of property tax included in their
13 respective revenue requirement models. These amounts were almost identical (in fact they
14 are identical after a correction for the allocation error made in Staff's revenue requirement
15 model) and thus there was no dispute on what amount of property tax was established in
16 the 2018 rate case. There was a settlement involving the disputed items in that rate case,
17 but this settlement did not cover items that were not in dispute. Property tax was one of
18 the items that was not in dispute in the 2018 rate case. As such, Staff's argument that there
19 was not a property tax amount established in the 2018 rate case is simply incorrect and that
20 the 2022 rate case was the first case in which an amount is available should be viewed as
21 incorrect and not accepted by this Commission. An amount was established and was
22 available to be used on a monthly basis once the legislation became effective on August
23 28, 2022, which is exactly what the Company did and has proposed in this rate case.

1 **Q: Does Ms. Lyons address the level of property tax expense in her rebuttal testimony?**

2 A: No. But the Company does have responsive testimony to this level in its rebuttal
3 testimony.

4 **III. CIP/CYBER SECURITY TRACKER**

5 **Q: Did Staff address EMW's CIP/Cyber Security recommendations in its rebuttal**
6 **testimony?**

7 A: Yes. Ms. Lyons, who also addressed CIP/Cyber Security in her direct testimony, states
8 that "EMW's annual historical CIP and Cyber Security costs are flat" and "there is no
9 indication that these costs are increasing." She goes on to state "[i]f these costs increase in
10 the future to a level that impacts EMW's earnings, EMW may request an increase in its
11 next general rate case."²

12 **Q: What is your response to Ms. Lyons?**

13 A: As I stated in my direct and rebuttal testimonies, while our budget process includes
14 consideration of reasonable protections we can deploy to protect against cyber security
15 incidents, we are not able to predict when such events will occur, nor can we reasonably
16 project the costs of responding to these types of incidents. These costs have the potential
17 to be significant and are completely unpredictable based on the potential attack that could
18 strike the Company on any given day. As stated in my rebuttal testimony, a person does
19 not need to look far to understand the current threat environment and its potential effects
20 on the Company's operations. With the recent evolution of Artificial Intelligence, attackers
21 are beginning to use much more sophisticated attacks. Deepfake voice and video attacks
22 are extremely convincing and will take very sophisticated defense mechanisms to combat.

² Karen Lyons Rebuttal Testimony at 11-12.

1 In addition, EMW does not include costs in its forecast to account for likely future
2 government mandates around cyber security protection until the mandates are passed into
3 legislation and required of the Company. Compliance with these evolving requirements
4 could entail significant costs that the Company must be prepared to bear, but that we cannot
5 predict today and are in fact not included in rate cases that include historical test years. For
6 these reasons concerning the potential volatility in costs and their unknown and
7 unpredictable nature create the exact reason as to why the Company has requested a
8 CIP/Cyber Security tracker in this rate case.

9 **Q: Please explain some of the cyber security government regulations that the Company**
10 **is aware of that could impact the Company's operations on a going forward basis?**

11 A: The following is a non-exhaustive list of cyber security related activity in various stages of
12 implementation at the federal level that may drive requirements for Evergy. Each project
13 may also have different impacts on various business units or original equipment
14 manufacturers that reduces the possibility of one size fits all solutions. While specific costs
15 are not known at this stage of implementation, the nature and scope of requirements leads
16 us to estimate that they will be substantial.

- 17 ▪ Department of Defense (“DOD”) Cybersecurity Maturity Model
18 Certification (“CMMC”) 2.0 is expected to be implemented in the first
19 quarter of 2025. Evergy would have to implement cybersecurity measures
20 to meet the NIST (National Institute of Standards and Technology) SP 800-
21 171 (110 specific requirements) and potentially NIST SP 800-172
22 standards. Currently, Evergy, at a minimum expects to be required to self-
23 certify that requirements are met for protecting Federal Contract

1 Information (“FCI”) at Level 1. In addition, if Evergy receives DOD
2 contract proposals that involve the conveyance of Controlled Unclassified
3 Information (“CUI”), it is possible that Level 2 requirement and third-party
4 certification would be required.

5 ■ Department of Energy/National Association of Regulatory Utility
6 Commissioners (“NARUC”) Cybersecurity Baselines for Electric
7 Distribution Systems and Distributed Energy Resources (“DER”) are
8 expected to be completed by the end of 2024. This includes 32 cybersecurity
9 controls which are voluntary until state adoption. The date of state adoption
10 is unknown at this time.

11 ■ Cybersecurity and Infrastructure Security Agency (“CISA”) Cyber Incident
12 Reporting for Critical Infrastructure (“CIRCI”) Cybersecurity Reporting
13 Rules - CISA must issue a final rule by October 4, 2026. This would require
14 additional reporting capabilities for cyber incidents (72 hours after incident
15 identified) and ransomware payments (24 hours after the payment is made.)
16 In order to meet these requirements, EMW would need to engage third party
17 cybersecurity incident response companies to conduct in-depth forensics of
18 any perceived attack.

19 ■ The May 2024 National Cybersecurity Strategy Implementation Plan
20 focuses on Sector Risk Management Agencies and while this Plan is not
21 directly requiring changes at this time, action resulting from this Plan will
22 likely come with compliance impacts. The key Plan initiatives are
23 described below.

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1. Initiative 1.1.2 Sector Risk Management Agencies (“SRMAs”) and regulators will analyze the cyber risk in their industries and outline how they will use their existing authorities to establish cyber requirements that mitigate risk in their sector, account for sector-specific needs, identify gaps in authorities, and develop proposals to close them.
 2. Initiative 1.3.3 DOE will continue the Energy Threat and Analysis Center (“ETAC”) program and expand the number of public and private energy stakeholders engaged with the ETAC.
 3. Initiative 4.4.3 DOE will work with stakeholders to build on the National Cyber-Informed Engineering Strategy to advance the training, tools, and support for engineers and technicians to enable them to design, build, and operate operational technology and control systems that are secure- and resilient-by-design.
 4. Initiative 4.4.5 DOE will work with industry, states, Federal regulators, and other agencies, as appropriate to develop cybersecurity baselines for electric distribution and DER.
- The Drones for First Responders (“DFR”) Act adds Da-Jing Innovations (DJI) drones to the FCC covered list, essentially making them unusable. Everygy would have to acquire replacement drones for use in field operations if legislation is passed.

- 1 ▪ NERC Project 2016-02 virtualization standards have been submitted to
2 FERC for approval. This allows for use of virtualization in mixed trust
3 environments. The key elements are described below.
- 4 ▪ NERC Project 2023-03 internal network security monitoring CIP-015-1 on
5 high and medium w/ External Routable Connectivity (ERC) Bulk Electric
6 Systems (BES) Cyber Systems was submitted for FERC approval. This
7 requires installation of internal network security monitoring equipment that
8 may differ between generation, substation, and EMS uses or even by
9 manufacturer.
- 10 ▪ NERC Project 2023-04 modifications to low impact security requirements
11 in CIP-003 are expected to pass. That will require stronger access control
12 for remote access to low impact BES Cyber Systems.
- 13 ▪ NERC Project 2023-06 CIP-014 risk assessment refinement is under
14 development. Changes may require additional substation protections to be
15 implemented.

16 **Q: At this time can the Company ascertain whether these federal initiatives will be**
17 **implemented and more importantly what type of incremental costs these regulations**
18 **will have for the Company?**

19 A: No. As you can see from the list of identified federal agencies' regulations that are
20 currently being contemplated, the cybersecurity environment is extremely active and a
21 significant number of regulations are expected to impact Company operations. This type
22 of cost uncertainty is exactly why the Company has requested a CIP/Cyber Security tracker
23 in this rate case. Ms. Lyons continues to point out that historical costs in this area have

1 been flat and the Company does not disagree with that analysis. But the Company is
2 concerned with the current threat environment and is concerned with the significant
3 number of federal agencies' regulations that are in the process of deliberation in this space
4 that are on the doorstep of impacting company operations. If the costs remain steady in
5 this environment as Ms. Lyons has pointed out then the tracker will not have significant
6 deferrals or may return funds to customers which will all be addressed in the Company's
7 next rate case. Yet, for a threat environment as active Cyber Security arena the Company
8 requests that the Commission grant a CIP/Cybersecurity tracker in this rate case.

9 **IV. TOU REVENUE TRACKER**

10 **Q: What is Staff's recommendation regarding the Company's proposed Time of Use**
11 **("TOU") revenue tracking mechanism?**

12 A: Ms. Lyons opposes EMW's proposed TOU tracker. Company witness Darrin Ives responds
13 to Ms. Lyons in his surrebuttal testimony. Staff witness Sarah Lange also opposes the
14 proposed TOU tracker; her rebuttal testimony focuses on her disagreement with the
15 Company's proposed method of calculating the tracker balance.³

16 **Q: Does Ms. Lange's position in her rebuttal testimony differ from her position in her**
17 **direct testimony?**

18 A: That is unclear but it appears Ms. Lange continues to be opposed to the TOU tracker. Ms.
19 Lange argued several criticisms of the Company's proposed TOU tracker in her direct
20 testimony, which I responded to in my rebuttal testimony, which she does not discuss here.
21 These include her claims that the number of customers switching rate schedules will be
22 minimal and that any revenue shortfall would be immaterial and her assertion that the TOU

³ Sarah Lange Rebuttal, starting at 21.

1 tracker would be duplicative of Staff's recommended Missouri Energy Efficiency
2 Investment Act ("MEEIA") Avoided Net Variable Revenue mechanism. I stand by my
3 rebuttal testimony responding to Ms. Lange misunderstanding on these points.

4 **Q: Ms. Lange states that "EMW appears to have abandoned" the position it put forth in**
5 **direct to model and quantify differences in revenues under mandatory TOU rates as**
6 **compared to the former rates which are closed and "it is not clear what EMW's new**
7 **position is."**⁴ **What is EMW's position?**

8 A: As I stated in my rebuttal testimony responding to Ms. Lange's then-criticisms of the
9 Company's proposal, "[t]he comparison will be between the TOU rate that the customer is
10 under during the specified period and the general service rate (non-time variant rate). The
11 goal of the deferrals is to reflect actual individual bill differences from class level revenue
12 pricing established for TOU rates (reflect non-revenue neutral impacts of current and
13 forward periods as incurred for TOU rates that were implemented) for those customers who
14 are included in the test year and will account for customers that are new to EMW or cancel
15 service during the respective periods."⁵ Ms. Lange appears to assert that the Company
16 has abandoned its position that it proposed in Direct. It is not clear on what position she
17 believes the Company has abandoned as I believe it is clear the Company has requested
18 and continues to request a tracker.

19 What the Company has evaluated and is continuing to evaluate is the vendor that
20 can provide the services in order to enable the calculation of the tracker mechanism. I did
21 provide in my Direct Testimony that Oracle may be able to provide the calculations
22 necessary for the tracker mechanism. However, the Company has continued to evaluate

⁴ Sarah Lange Rebuttal, at 22.

⁵ Ronald Klote Rebuttal, at 37.

1 the methodology needed to perform the TOU tracker calculation and believe there are
2 limitations in leveraging Oracle’s Batch Rate Analysis Tool (“BRAT”), which is the
3 underlying analysis that Evergy customers rely upon to select from a menu of rates using
4 the online rate comparison tool, relative to calculations necessary for a tracker calculation
5 that has caused the Company to evaluate other alternatives. Yet, the Company’s continued
6 evaluation of a vendor should not constrict the Company’s ability to request and receive
7 approval of a TOU tracker mechanism. Staff and all parties will have ample time to
8 evaluate the methodology and vendor selected to perform the TOU tracker calculations in
9 the Company’s next rate case when it is presented for review. Staff’s statement that the
10 Company has abandoned its position is not accurate as the Company is simply re-
11 evaluating vendors and capabilities to perform the calculations.

12 **Q: Ms. Lange offers several pages of testimony regarding Company responses to data**
13 **requests (“DRs”).⁶ Please respond.**

14 **A:** It is unclear what Ms. Lange’s real concerns are. The Company has attempted to answer
15 the questions as provided in the best form possible. These DRs, in concert with my direct
16 and rebuttal testimonies, clearly explain how the Company initially intended to rely on the
17 Oracle rate comparison tool to model and quantify the differences in revenues under the
18 mandatory TOU rates. As I and Company witnesses Miller and Winslow clearly discuss,
19 the Oracle rate comparison tool was not developed explicitly for rate case purposes. While
20 it is very useful for the purpose of which it was built (i.e. comparing TOU rate options
21 using a customer’s historical data usage and allowing the customer to choose the rate option
22 that best suits them to compare rates), the tool has technical limitations that does not allow

⁶ Sarah Lange Rebuttal, starting at 22.

1 it to provide the level of detail and timeliness of analysis that is required for a tracker
2 mechanism. Accordingly, Evergy sought another option.

3 **Q: Ms. Lange argues that even if a tracker were reasonable, tracking actual individual**
4 **bill differences from class level revenue pricing established for TOU rates is not a**
5 **reasonable basis for the tracker balance.⁷ Please respond.**

6 A: Ms. Lange continues to assert that the Company seeks to establish a counterfactual but-for
7 a customer's participation in a particular rate plan. That is incorrect. As I discussed in my
8 rebuttal testimony, the Company's proposal does not attempt to recreate counterfactual
9 energy usage patterns for customers. Rather our proposal simply accepts customer usage
10 as it actually occurs and then accounts only for differences in rate structure. Ms. Lange's
11 assertion that a counterfactual is necessary because TOU rates are designed to induce
12 changes in customer usage is in fact precisely why the TOU tracker is appropriate. We do
13 not know how customer usage will change. Ms. Lange's simple hypothetical is just that, a
14 hypothetical, and one that she crafted solely to support her erroneous point. I can easily
15 craft an alternative hypothetical whereby rather than less than 9% of energy during on-peak
16 hours, the hypothetical customer instead consumes 20% of energy during on-peak hours
17 something which in the height of summer is more reasonable than Ms. Lange's
18 hypothetical. Under my response to Ms. Lange, the customer's bill would be \$108.60 or
19 \$33.60 higher than the same customer's bill on the blocked rate.⁸ If Staff's
20 recommendation to reject the TOU tracker is accepted by the Commission, this difference
21 would not be tracked and returned to customers as part of the Company's next rate case.

⁷ Sarah Lange Rebuttal, at 25.

⁸ I started with Ms. Lange's hypothetical 905 kWh usage customer and TOU rates of \$0.40/kWh on-peak and \$0.05/kWh off-peak. 20% on-peak usage is 181 kWh for a charge of \$72.40. 80% off-peak usage is 724 kWh for a charge of \$36.20. Total hypothetical bill is \$108.60.

1 As I and other Company witnesses continue to testify, a revenue tracking mechanism
2 should be granted to protect both customer interests and Company interests in determining
3 the impacts on revenue collection associated with TOU rates.

4 **Q: Ms. Lange goes on to argue that the new, default TOU rates “are all designed to**
5 **recover less revenue than the former general service rate plan” Please respond.**

6 A: Specific to Staff’s comment about TOU rates being designed to recover less revenues, I
7 can only assume that Ms. Lange references her original intended design of the default TOU
8 rate that she outlined in her Direct testimony in the 2022 rate case. Regardless of the
9 intended reference, at the conclusion of the 2022 MO rate case, final pricing for all TOU
10 rates were set to be revenue neutral. This means that it was intended that the Company
11 have an opportunity to collect a certain target revenue amount. The last rate case utilized
12 determinants available under the old block structure and the current case also lacks 12
13 months of TOU determinants needed to reasonably estimate TOU revenue impacts. Ms.
14 Lange has made various assertions throughout her rebuttal testimony about the
15 Commission’s intention or unstated policy with regard to approval of TOU rates with the
16 implication being that somehow the Commission intended for the Company to not have
17 the ability to earn expected revenues approved in a rate case simply because there’s an
18 approval of TOU rates generally. I don’t believe that to be the Commission’s intention at
19 all and given the uncertainty of customer behavior change expected and the fact that the
20 current case lacks 12 months of TOU usage to inform or estimate that impact, a tracker
21 seems very reasonable.

1 **Q: Staff witness Lange goes to great lengths in her Rebuttal testimony to attempt to find**
2 **flaws in the Company’s request for a TOU tracker even though there is uncertainty**
3 **in the amount of revenues that TOU rates will produce. Should the Commission allow**
4 **the Company to calculate and track what these differences are in order to analyze the**
5 **uncertainty and discuss resolution in the Company’s next rate case?**

6 A: Yes. Ms. Lange, even in her testimony, points out that it is completely uncertain the
7 amount of revenues that will be produced, and she attempts to create confusion with the
8 Company’s request. It is unknown at this time if the revenue produced will be more or less
9 that the standard block rates since it is just too early in the implementation to know. This
10 request in this rate case is much more straight forward and the Company is asking the
11 Commission to approve a TOU tracker in order for the Company to analyze and provide
12 what differences occurred between revenues produced from TOU rate implementation and
13 what revenue would have been produced using standard block rates. This relationship will
14 be analyzed and the results of this analysis will be addressed by all parties in the Company’s
15 next rate case. Debating the steps necessary in order for the Company to get set up to
16 perform the calculations is not necessary in this rate case.

17 **V. STORM RESERVE**

18 **Q: Does Staff oppose EMW’s proposed Storm Reserve?**

19 A: Yes. Ms. Lyons states that “EMW’s proposal violates the known and measurable concept
20 by asking its customers to pay in advance to fund a storm reserve for storms that may or
21 may not occur in the future.” Ms. Lyon’s goes on to state “to the extent EMW incurs
22 significant storm costs in the future, other regulatory mechanisms are available for possible
23 recovery, such as an AAO.”²

1 **Q: Do you agree with Ms. Lyons criticism of EMW’s proposed Storm Reserve?**

2 A: No. I discussed the Storm Reserve mechanism in both my Direct and Rebuttal testimonies.
3 Storm Reserves are an accepted ratemaking tool. In fact, Evergy already maintains a storm
4 reserve in its Evergy Kansas Central and Evergy Kansas Metro jurisdictions.

5 **Q: Is the option of establishing an AAO in the future a better alternative for ratepayers
6 than establishing a storm reserve now as proposed by the Company?**

7 A: No. As I discussed in my rebuttal testimony, while it is always an option to establish an
8 AAO, it is important to note that any regulatory request to establish an AAO comes at cost
9 to the utility and its ratepayers due to the regulatory process established to approve such a
10 request. Establishing a storm reserve could have the potential to reduce an AAO request
11 that might be significant but have the ability to be absorbed by the storm reserve and
12 eliminate the need for potentially costly regulatory proceedings in the process.

13 **Q: Staff also takes issue with the Company’s proposed \$200,000 threshold of non-labor
14 storm costs.⁹ What is your response?**

15 A: Ms. Lyon’s testimony does not consider a \$200,000 threshold level material as compared
16 to the Company’s total operating expenses and suggests that she believes the Company
17 should experience financial harm before availing itself of the reserve. This is inapposite
18 of one of the fundamental benefits of the reserve – to lessen the financial burden of
19 unpredictable but likely significant storm events supporting the Company’s financial
20 stability and helping reduce its cost of debt, all benefitting customers.

⁹ Karen Lyons Rebuttal, at 13-14.

1 **Q: Why does the Company believe this is a good time to establish the storm reserve?**

2 A: As I discussed in my earlier testimonies, it is apparent that storms in recent years have been
3 occurring more frequently. If approved, this request will simply establish reserves for a
4 known cost in the Company's cost structure that is impossible to predict with any degree
5 of accuracy but is a cost that is essential to providing customers reliable electricity service
6 consistent with the storm reserve processes that are maintained in our Kansas jurisdictions.

7 **VI. INJURIES AND DAMAGES RESERVE**

8 **Q: Did Staff address the Injuries and Damages ("I&D") reserve proposal in its rebuttal**
9 **testimony?**

10 A: Yes. Ms. Lyons offers testimony opposing the Company's proposed I&D Reserve for many
11 of the same reasons why she opposes the Company's proposed Storm Reserve.¹⁰

12 **Q: What is your response to Ms. Lyons?**

13 A: As I stated in my rebuttal testimony, both Staff and I have acknowledged I&D costs vary
14 from year to year, which is why both EMW and Staff use a five-year period to establish a
15 revenue requirement amount for I&D costs. EMW has recommended the I&D Reserve in
16 order to provide financial stability in what is a highly variable expense item. This will
17 support stability to our earnings, which ultimately lowers costs and improves service for
18 our customers. Reserves are an accepted ratemaking tool. Evergy already maintains an
19 I&D Reserve in its Evergy Kansas Central and Evergy Kansas Metro jurisdictions.

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

21 A: Yes, it does.

¹⁰ Karen Lyons Rebuttal Testimony at 17-18.

TRUE-UP DIRECT TESTIMONY

OF

RONALD A. KLOTE

Case Nos. ER-2024-0189

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

2 A: My name is Ronald A. Klote. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: Are you the same Ronald A. Klote who filed Direct and Rebuttal testimony in this**
5 **docket?**

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 (“Evergy Missouri West” or “EMW”).

10 **Q: What is the purpose of your true-up direct testimony?**

11 A: The purpose of my testimony is to provide the true-up adjustment summary schedules and
12 the resulting revenue requirement level after incorporating the actual changes in cost of
13 service through the true-up period in this rate case proceeding. The True-Up date adopted
14 by the Missouri Public Service Commission for this proceeding is June 30, 2024 as
15 provided in the *Order Granting Applications to Intervene and Order Setting Procedural*
16 *Schedule*, issued March 8, 2024.

1 **TRUE-UP REVENUE REQUIREMENT**

2 **Q: Please describe the revenue requirement calculation based on the True-Up through**
3 **June 30, 2024.**

4 A: The revenue requirement as calculated in the true-up is an increase of \$120.3 million before
5 rebasing of fuel for the FAC. With the rebasing of fuel for the FAC the revenue
6 requirement is an increase of \$88.9 million. The initial request as filed by the Company
7 on February 2, 2024 before the rebasing of fuel for the FAC was an increase of \$104.5
8 million. The initial request with the rebasing of fuel was an increase of \$108.9 million.
9 The true-up revenue requirement amount is set out in Schedule RAK-07. This schedule,
10 referred to as the Revenue Requirement Model, trues up estimates included in the
11 Company's direct filing and includes some positions in which the Company is in agreement
12 with MPSC Staff. The Revenue Requirement Model and associated true-up adjustments
13 reflect the Company's overall true-up case as of June 30, 2024. The components used in
14 calculating the revenue requirement which include the rate base, the income statement
15 components, summary of adjustments, cash working capital and jurisdictional allocators
16 are included as Schedules RAK-08 through RAK-012. The remainder of my testimony
17 as well as the True-Up Direct Testimony of Company witnesses Linda Nunn, Hsin Foo and
18 Jessica Tucker provide descriptions of significant components of the true-up revenue
19 requirement.

20 **Q: Please describe the process used to true-up the rate base.**

21 A: Rate base items, including plant-related additions, additional accumulated reserve,
22 associated accumulated deferred income taxes and non-plant items, were trued up to actuals
23 as of June 30, 2024 on a Missouri jurisdictional basis. Included as part of the true-up at

1 June 30, 2024 were capital additions across all functional categories which included
2 intangible, production, transmission, distribution and general plant and were completed
3 and placed in-service by the June 30, 2024 true-up date. Also included in the true-up
4 calculation was a rate base adjustment to total plant and reserve balances to remove the
5 capitalized portions of short-term incentive tied to earnings per share (“EPS”) performance
6 as proposed by staff in their direct filing

7 **Q: Please describe the process used to true-up the capital structure/cost of capital.**

8 A: The capital structure/cost of capital was updated through June 30, 2024, which included
9 the utilization of EMW’s actual capital structure and cost of debt. There was a new debt
10 issuance of \$300M in May 2024 for EMW which was included in the true-up calculation
11 of capital structure/cost of capital.

12 **Q: Please briefly describe the process used to true-up revenue and expenses.**

13 A: The following were the more significant revenue and expense true-up adjustments:

14 Payroll and Payroll-related Benefits

15 The true-up adjustment for Payroll and Payroll-related Benefits reflects the June
16 30, 2024 employee count and pay levels, updated joint partner billings and business unit
17 allocations for the 12-months ended June 30, 2024. It also reflects an updated 3-year
18 average for overtime and also for the capitalization ratio (year-end 2022, Test Year ending
19 June 2023, and True-Up period ending June 2024).

20 Pension and Other Post-Employment Benefits

21 The true-up adjustment for Pension and Other Post-Employment Benefits reflects
22 updated 2024 actuarial information. The 2024 annualized level of pension expense

1 included in the true-up was slightly lower than projections included in the Company's
2 direct filing.

3 Other Benefits

4 The true-up adjustment for Other Benefits which include medical and dental
5 benefits reflects the annualized cost calculated from the actual costs for these benefits
6 incurred for the 12-month period ending June 30, 2024.

7 Transmission Expense

8 The true-up adjustment for transmission expense reflects the actual costs booked
9 during the true-up period, July 2023 through June 2024, replacing the projected June 2024
10 12 month ending costs used in Direct.

11 Common Use Billings

12 The true-up adjustment for Common Use Billings reflects an annualization based
13 on the June 2024 common use billing. These entries allocate common plant such as
14 facilities and hardware / software between Evergy Metro, EMW and EKC based on the
15 appropriate allocation factors. The increase in Common Use Billings is directly related to
16 software upgrades that went into service June 30th or before that were not contemplated in
17 the estimated plant additions included in the Direct filing. There are also dollars related to
18 facility improvements.

19 Property Tax Expense

20 The true-up adjustment for Property Tax Expense incorporates both an updated
21 property tax ratio and plant values based on actuals for 2024. Previously, estimates were
22 used for both of these components in the Direct calculation. In addition, property amounts

1 deferred associated with property tax tracker beginning in August 2022 were included in
2 rate base and amortized over 4 years.

3 Depreciation

4 The true-up adjustment for Depreciation reflects June 30, 2024 plant balances and
5 the depreciation rates based on the rates approved in the Company's last rate case. In
6 addition, as proposed in my Direct and Rebuttal testimonies there are accounts where new
7 depreciation rates are needed mainly due to new plant account additions. A summary table
8 of new rates proposed in Direct and Rebuttal testimony is listed below.

9

Account	Location	Proposed Rate
31600	STEAM PROD - LAKE ROAD UNIT 2	6.10%
31202	STEAM PROD - LAKE ROAD BOILER COMMON	8.59%
34401	OTHER PROD - SOLAR - HAWTHORN	4.00%
36300	DISTRIBUTION-ENERGY STORAGE EQUIP	10.00%
31600	STEAM PROD - LAKE ROAD BOILER #4	6.40%
34100	OTHER PROD - DOGWOOD	3.44%
34200	OTHER PROD - DOGWOOD	2.46%
34300	OTHER PROD - DOGWOOD	1.31%
34400	OTHER PROD - DOGWOOD	1.28%
34500	OTHER PROD - DOGWOOD	2.91%
34600	OTHER PROD - DOGWOOD	4.95%
34600	OTHER PROD PLANT - LAKE ROAD TURBINE 5	6.10%
34500	OTHER PRODUCTION - LANDFILL GAS TURBINE	3.08%

10 Going forward as the need for new depreciation rates by location by unit arise, the
11 Company proposes that the current authorized rate for the same plant account at the same
12 location would be used as a placeholder until the next depreciation study. If an authorized
13 rate does not exist for the new plant account at the same location, then the plant account's
14 composite rate would be used as a placeholder until the next depreciation study. The
15 composite rate would be based on the authorized rates for the same plant account for all
16 locations.

1 In addition, the company proposes amortizing the short-term and long-term
2 incentive disallowances over a 20-year period or in other words use a 5% rate in the
3 Depreciation annualization as proposed and explained in Rebuttal testimony.

4 PISA FAC Deferral

5 The true-up adjustment for amortization of PISA FAC Deferral has been updated
6 to align with Staff's proposed amortization timeline of four years compared to 20 in
7 Company's Direct filing. The balance amortized does include carrying costs through the
8 end of 2024 to align with the schedule of when new rates will go into effect.

9 PISA Deferral

10 The true-up adjustment for amortization of PISA Deferral is directly related to the
11 rate base adjustment update to PISA Deferral regulatory asset. The typical update to reflect
12 activity that occurred between Direct, June 2023, and True-Up, June 2024, occurred as well
13 as a correction to the balance to remove EPS based incentives and Hawthorn Solar facility
14 as proposed by Staff in their Direct filing.

15 **Q: Please describe the adjustments made in True-Up to record the 22% acquisition of**
16 **Dogwood.**

17 A: The following adjustments made to record the rate base and cost of service related to
18 Dogwood:

19 Rate Base

- 20 1. Plant and reserve related to the Dogwood acquisition included in rate base
21 changed from Direct to True-Up due to the true-up of the estimates used in
22 Direct. Plant decreased between filings, and reserve increased.

- 1 2. Acquisition premium balance was removed from rate base in the true-up
2 filing. Per Stipulation and Agreement for EA-2023-0291 the Company was
3 not granted rate base treatment but rather allowed to recover the
4 amortization of this balance in cost of service.
- 5 3. Materials and Supplies for Dogwood included in rate base increased from
6 Direct to True-Up due to the true-up of the estimates used in Direct.
- 7 4. Prepayments increased slightly from Direct due the difference in estimated
8 balances compared to actuals for prepaids as well as the long-term service
9 agreement. Per Stipulation and Agreement for EA-2023-0291 the Company
10 shall be allowed to recover return on prepaid accounts.

11 Cost of Service

- 12 5. Capacity revenue, R-100, decreased slightly due a change in jurisdictional
13 allocators as provided in Schedule RAK-12.
- 14 6. Depreciation expense related to Dogwood decreased from Direct to True-
15 Up. For the purposes of Direct a rate of 4.95%, the composite rate for all
16 Plant Accounts 34600, was used for all plant and acquisition premium. In
17 True-Up the composite rate for each plant account 341-346 was used and a
18 set amount was applied to acquisition premium. These composite rates were
19 proposed for use for Dogwood assets in my Rebuttal testimony. They are
20 also summarized above in the table of requested rates in the depreciation
21 section of my True-Up testimony.

1 7. Acquisition premium amortization, CS-143, is a new adjustment in True-up
2 and was not included in Direct. The \$6.9M annual amortization was
3 stipulated in the agreement for EA-2023-0291.

4 8. Operations and Maintenance (O&M) costs, CS-100, increased just slightly
5 due a change in total O&M estimate provided by the plant operator.

6 **Q: Does that conclude your true-up direct testimony?**

7 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) Case No. ER-2024-0189
Implement A General Rate Increase for Electric)
Service)

AFFIDAVIT OF RONALD A. KLOTE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Ronald A. Klote, being first duly sworn on his oath, states:

1. My name is Ronald A. Klote. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Senior Director – Regulatory Affairs.

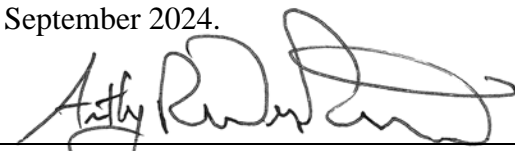
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri West consisting of twenty-four (24) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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.



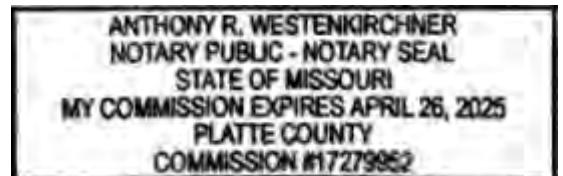
Ronald A. Klote

Subscribed and sworn before me this 10th day of September 2024.



Notary Public

My commission expires: 4/26/2025



Evergy
2024 RATE CASE - MO WEST - True-Up
TY 6/30/23; Update 12/31/23; True-Up 6/30/24

Revenue Requirement

Line No.	Description A	7.4114% Return B
1	Net Orig Cost of Rate Base (Sch 2)	\$ 3,005,080,105
2	Rate of Return	<u>7.4114%</u>
3	Net Operating Income Requirement	\$ 222,718,507
4	Net Income Available (Sch 9)	<u>\$ 155,048,230</u>
5	Additional NOIBT Needed	67,670,277
6	Additional Current Tax Required	<u>\$ 21,186,887</u>
7	Gross Revenue Requirement	<u><u>\$ 88,857,164</u></u>

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2024 RATE CASE - MO WEST - True-Up
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Rate Base

Line No.	Description A	Amount B	Witness C	Adj No. D
Total Plant :				
1	Total Plant in Service - Schedule 3	\$ 4,921,678,470	Klote	RB-20
Subtract from Total Plant:				
2	Depreciation Reserve Schedule 5	\$ 1,408,450,707	Klote	RB-30
3	Net (Plant in Service)	<u>\$ 3,513,227,763</u>		
Add to Net Plant:				
4	Cash Working Capital	(53,774,727)	Nunn	Model
5	Materials and Supplies	65,370,266	Nunn	RB-72
6	Prepayments	10,020,701	Nunn	RB-50
7	Fuel Inventory - Oil	14,733,971	Tucker	RB-74
8	Fuel Inventory - Coal	12,506,652	Tucker	RB-74
9	Fuel Inventory - Other	297,990	Tucker	RB-74
10	Pre-MEEIA DSM Programs	(2,004,668)	Nunn	RB-100
11	Iatan 1 & Common Regulatory Asset	3,247,177	Nunn	RB-25
12	Iatan 2 Regulatory Asset	11,502,042	Nunn	RB-26
13	Property Tax Tracker Deferral	3,384,992	Hardesty	RB-126E
14	Regulatory Asset - PAYS	313,832	Nunn	RB-86
15	Regulatory Asset - PISA Deferral	115,305,485	Klote	RB-85
16	Regulatory Asset - PISA FAC Deferral	0	Klote	RB-84
17	Reg Asset - FAS 87 Pension Tracker	(8,895,268)	Klote	RB-65
18	Reg Asset (Liab) - OPEB Tracker	(3,633,649)	Klote	RB-61
Subtract from Net Plant:				
19	Customer Advances for Construction	\$ 4,672,096	Nunn	RB-71
20	Customer Deposits	\$ 1,016,947	Nunn	RB-70
21	Income Eligible Weatherization	\$ 847,475	Nunn	RB-101
22	Deferred Income Taxes - Retail/Whsl/Steam	\$ 538,277,692	Hardesty	RB-125
23	Deferred Income Taxes - Retail/Whsl Only	\$ (10,557)	Hardesty	RB-125
24	Deferred Income Taxes - 100% MO Retail Elec	\$ 131,718,800	Hardesty	RB-125
25	Total Rate Base	<u>\$ 3,005,080,105</u>		

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2024 RATE CASE - MO WEST - True-Up
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Income Statement

Line No.	Description	Total Company Test Year	Adjustment	Adjusted Total Company	Electric Juris Adjusted Balance
	A	B	C	D	E
1	Operating Revenue	\$ 957,215,108	12,946,944	970,162,052	945,482,141
2	Operating & Maintenance Expenses:				
3	Production	\$ 403,392,862	\$ (3,861,911)	\$ 399,530,951	\$ 394,320,080
4	Transmission	52,230,570	959,208	53,189,778	53,088,717
5	Distribution	30,049,386	2,786,888	32,836,274	31,793,138
6	Customer Accounting	23,910,313	9,233,125	33,143,438	33,143,438
7	Customer Services	30,982,753	(25,804,294)	5,178,459	5,178,459
8	Sales	148,305	6,280	154,585	154,585
9	A & G Expenses	65,318,140	\$ (7,341,220)	57,976,920	56,137,674
10	Total O & M Expenses	<u>\$ 606,032,329</u>	<u>\$ (24,021,924)</u>	<u>\$ 582,010,405</u>	<u>\$ 573,816,092</u>
11	Depreciation Expense	\$ 131,193,292	\$ 12,258,738	\$ 143,452,030	\$ 141,772,140
12	Amortization Expense	1,728,724	10,748	1,739,472	1,737,753
13	Amortization Regulatory Debits & Credits	9,409,395	3,417,496	12,826,891	14,069,048
14	Taxes other than Income Tax	54,937,510	2,634,731	57,572,241	56,913,807
15	Net Operating Income before Tax	<u>\$ 153,913,858</u>	<u>\$ 18,647,156</u>	<u>\$ 172,561,014</u>	<u>\$ 157,173,301</u>
16	Income Taxes	\$ (16,237,731)	\$ 26,628,523	\$ 10,390,792	\$ 10,390,792
17	Income Taxes Deferred	22,531,748	(30,688,959)	(8,157,211)	(8,157,211)
18	Investment Tax Credit	(4,179)	(104,331)	(108,510)	(108,510)
19	Total Taxes	<u>\$ 6,289,838</u>	<u>\$ (4,164,767)</u>	<u>\$ 2,125,071</u>	<u>\$ 2,125,071</u>
20	Total Net Operating Income	<u><u>\$ 147,624,020</u></u>	<u><u>\$ 22,811,923</u></u>	<u><u>\$ 170,435,943</u></u>	<u><u>\$ 155,048,230</u></u>

Evergy
2024 RATE CASE - MO WEST - True-Up
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Summary of Adjustments

Line No.	Adj No. A	Description B	Witness C	Total Company Increase (Decrease) D
1	R-20	Revenue Normalization	Bass/Miller	\$ (92,774,245)
2	R-21a	Forfeited Discounts	Nunn	\$ 299,770
3	R-21b	Forfeited Discounts - Revenue Requirement "Ask"	Nunn	\$ 47,606
4	CS-23	Remove FAC Under-Recovery (Revenue)	Nunn	\$ 5,935
5	R-35	Off-System Sales Revenue	Tucker	\$ 105,882,511
6	R-40	PAYS Revenue Offset	Nunn	\$ 15,202
7	R-80	Transmission Revenue Credit	Reuter	\$ (106,999)
8	R-82	Transmission Revenue Annualization	Nunn	\$ (6,950,656)
9	R-99	NUCOR Revenue	Nunn	\$ -
10	R-100	Dogwood Capacity Revenues	Klote	\$ 6,527,820
11	CS-4	GREC Bad Debt Expense	Nunn	\$ 1,396,018
12	CS-9	GREC Bank Fees	Nunn	\$ 2,716,243
13	CS-10	Customer Deposits - Interest	Nunn	\$ 99,362
14	CS-11	Out-of-Period Items - Cost of Service	Nunn	\$ (23,138,252)
15	CS-20a	Bad Debt	Nunn	\$ 1,979,740
16	CS-20b	Bad Debt - Revenue Requirement "Ask"	Nunn	\$ 334,992
17	CS-23	Remove FAC Under-Recovery (Expense)	Nunn	\$ 19,003,061
18	CS-24	Fuel & PP Energy (On-system)	Tucker	\$ (26,547,665)
19	CS-25	Purchased Power (Capacity)	Tucker	\$ (2,468,133)
20	CS-39	IT Software Maintenance	Nunn	\$ 415,771
21	CS-40	Transmission Maintenance	Nunn	\$ (614,906)
22	CS-41	Distribution Maintenance	Nunn	\$ 162,535
23	CS-42	Generation Maintenance	Nunn	\$ 863,412
24	CS-43	Major Maintenance	Nunn	\$ (761,860)
25	CS-44	ERPP	Nunn	\$ (143,741)
26	CS-45	Transmission of Electricity by Others	Klote	\$ (664,578)
27	CS-50	Payroll	Klote	\$ 2,836,042
28	CS-51	Incentive	Klote	\$ 179,186

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Summary of Adjustments

Line No.	Adj No. A	Description B	Witness C	Total Company Increase (Decrease) D
29	CS-53	Payroll Taxes	Klote	\$ 527,420
30	CS-60	Other Benefits	Klote	\$ (106,298)
31	CS-61	OPEB	Klote	\$ (223,102)
32	CS-62	SERP	Klote	\$ (228,397)
33	CS-65	Pension Expense	Klote	\$ (10,933,199)
34	CS-70	Insurance	Nunn	\$ 530,248
35	CS-71	Injuries and Damages	Klote	\$ 45,039
36	CS-72	Storm Reserve	Klote	\$ 697,324
37	CS-75	Critical Needs Program & Rehousing Pilot Program	Nunn	\$ 275,000
38	CS-76	Customer Deposit - Interest	Nunn	\$ (2,752)
39	CS-78	GREC Bank Fees	Nunn	\$ 720,794
40	CS-80	Rate Case Expense	Nunn	\$ (275,250)
41	CS-85	Regulatory Assessment	Nunn	\$ 459,614
42	CS-86	SPP Schedule 1A Admin Fees	Nunn	\$ 1,112,297
43	CS-88	CIPS / Cyber Security O&M	Klote	\$ -
44	CS-89	Meter Replacement O&M	Nunn	\$ 396,813
45	CS-90	Advertising	Nunn	\$ -
46	CS-92	Dues & Donations	Nunn	\$ (5,490)
47	CS-93	Amortization PISA Deferral	Klote	\$ 5,134,112
48	CS-94	Amort PISA FAC Deferral	Klote	\$ 1,290,177
49	CS-95	Amortization of Merger Transition Costs	Nunn	\$ -
50	CS-98	MEEIA	Nunn	\$ (18,811,025)
51	CS-99	Annualize NUCOR Costs	Nunn	\$ -
52	CS-100	Dogwood O&M	Klote	\$ 4,656,343
53	CS-101	Income Eligible Weatherization	Nunn	\$ 141,060
54	CS-108	Remove CWIP/FERC Incentives-Transource	Reuter	\$ 85,681

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2024 RATE CASE - MO WEST - True-Up
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Summary of Adjustments

Line No.	Adj No. A	Description B	Witness C	Total Company Increase (Decrease) D
55	CS-109	Lease Expense	Nunn	\$ 69,575
56	CS-111	Amort Iatan I and Common Reg Asset	Nunn	\$ -
57	CS-112	Amort Iatan II Reg Asset	Nunn	\$ -
58	CS-113	Amort Prospective Tracking	Nunn	\$ (105,852)
59	CS-116	Renewable Energy Standards	Nunn	\$ (7,347,539)
60	CS-117	Common Use Billings - Common Plant Adds	Klote	\$ 10,977,870
61	CS-120	Depreciation Expense	Klote	\$ 16,388,350
62	CS-121	Plant Amortization Expense	Klote	\$ 10,748
63	CS-125	Income Taxes	Hardesty	\$ (4,164,767)
64	CS-126	Property Taxes	Hardesty	\$ 6,709,267
65	CS-131	Amort Electrification Deferred Asset	Nunn	\$ 70,788
66	CS-132	Amort Exp Portion of Sibley AAO Deferral	Nunn	\$ (1,821,006)
67	CS-133	Amort Customer Education Reg Asset	Nunn	\$ 12,491
68	CS-134	Amort TOU Program Costs Reg Asset	Nunn	\$ 238,955
69	CS-135	PAYS Amort	Nunn	\$ 23,267
70	CS-136	COVID AAO Amort	Nunn	\$ 362,640
71	CS-138	Amort RA - TOU Program Costs	Nunn	\$ 1,024,681
72	CS-139	Amort RL - Low Income Solar Subs Program	Nunn	\$ -
73	CS-140	Excess Maintenance Reserve	Nunn	\$ (3,839,406)
74	CS-141	Amort Hedging Gains/Losses	Nunn	\$ 3,491,324
75	CS-143	Amort Dogwood Acq Premium	Klote	\$ 6,900,000
76		Total Impact on Net Operating Income		<u><u>\$ 22,811,923</u></u>

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2024 RATE CASE - MO WEST - True-Up
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Cash Working Capital

Line No.	Account Description	(Elec-Juris)	Revenue	Expense	Net	Factor	CWC Req
		Test Year Expenses	Lag	Lead	(Lead)/Lag (C) - (D)	(Col E/365)	(B) X (F)
	A	B	C	D	E	F	G
<u>Operations & Maintenance Expense</u>							
1	Gross Payroll excl Accrued Vac	39,949,070	28.86	13.21	15.65	0.04	1,712,885
2	Accrued Vacation	1,627,344	28.86	365.00	(336.14)	(0.92)	(1,498,673)
3	Iatan - Coal & Freight	22,235,333	28.86	11.84	17.02	0.05	1,036,837
4	Purchased Gas & Oil	32,417,286	28.86	38.87	(10.01)	(0.03)	(889,033)
5	Purchased Power	279,699,497	28.86	36.25	(7.39)	(0.02)	(5,662,957)
6	Pension Expense	5,835,706	28.86	42.25	(13.39)	(0.04)	(214,082)
7	Employee Benefits	(433,440)	28.86	13.29	15.57	0.04	(18,489)
8	Incentive Compensation	3,278,787	28.86	257.50	(228.64)	(0.63)	(2,053,868)
9	Bad Debt Expense	3,375,758	-	-	-	-	-
10	PSC Assessment	2,046,237	28.86	(30.50)	59.36	0.16	332,780
11	Cash Vouchers	183,784,514	28.86	38.30	(9.44)	(0.03)	(4,753,221)
12	Total Operation & Maintenance Expense	<u>573,816,092</u>					<u>(12,007,823)</u>
<u>Taxes other than Income Taxes</u>							
13	City Franchise Taxes - 6%, 4% & Other GRT - MO	44,014,049	13.65	55.64	(41.99)	(0.12)	(5,063,424)
14	FICA / FUTA / SUTA	3,344,991	28.86	13.21	15.65	0.04	143,422
15	Ad Valorem / Property Taxes	53,528,010	28.86	205.79	(176.93)	(0.48)	(25,947,153)
16	Sales & Use Tax- MO and Fuel, Heavy Vehicle Taxes	25,362,499	13.65	5.17	8.48	0.02	589,244
17	Total Taxes other than Income Taxes	<u>126,249,549</u>					<u>(30,277,911)</u>
<u>Tax Offset From Rate Base</u>							
18	Current Income Taxes-Federal	8,791,284	28.86	38.00	(9.14)	(0.03)	(220,143)
19	Current Income Taxes-State	1,599,508	28.86	38.00	(9.14)	(0.03)	(40,053)
20	Interest Expense	65,429,609	28.86	91.50	(62.64)	(0.17)	(11,228,796)
21	Total Offset from Rate Base	<u>75,820,401</u>					<u>(11,488,993)</u>
22	Total Cash Working Capital Requirement	<u>775,886,041</u>					<u>(53,774,727)</u>

Everg
2024 RATE CASE - MO WEST - True-Up
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Allocation Factors

Retail/Wholesale - Electric/Steam Combined

Alloc	Jurisdiction Factors	Electric		
		Retail	WholeSale	STEAM
	A	B	C	D
1,1	100% Jurisdictional/100% Electric	100.0000%	0.0000%	0.0000%
1,3	100% Jurisdictional/Allocated Plant Base	99.1600%	0.0000%	0.8400%
1,13	100% Jurisdictional/O&M	84.4153%	0.0000%	15.5847%
2,2	Non-Juris/Steam	0.0000%	100.0000%	0.0000%
3,1	Demand/Electric	99.8100%	0.1900%	0.0000%
3,4	Demand/Land	99.8100%	0.1900%	0.0000%
3,5	Demand/Structures	94.1826%	0.1900%	5.6274%
3,6	Demand/Boiler Plant	75.5065%	0.1900%	24.3035%
3,7	Demand/Turbogenerators	98.1540%	0.1900%	1.6560%
3,8	Demand/Access Elec Eqpt & General	91.1329%	0.1900%	8.6771%
3,9	Demand/Misc Steam GEN Eqpt	69.7489%	0.1900%	30.0611%
3,10	Demand/Electric/Steam Plant	82.1447%	0.1900%	17.6653%
3,13	Demand/O&M	84.2549%	0.1900%	15.5551%
4,1	Energy/Electric	99.7900%	0.2100%	0.0000%
5,1	Distribution/Electric	99.8683%	0.1317%	0.0000%
6,1	Payroll/Electric	99.8251%	0.1749%	0.0000%
6,14	Payroll/A&G	96.7075%	0.1749%	3.1176%
7,1	Plant/Electric	99.8316%	0.1684%	0.0000%
7,3	Plant/Alloc Plant	98.9931%	0.1684%	0.8386%
7,14	Plant/A&G	96.7138%	0.1684%	3.1178%
8,1	Transmission/Electric	99.8100%	0.1900%	0.0000%

Retail/Wholesale Allocation Factors - Combined

Alloc	Jurisdiction Factors	Retail	Wholesale	Total
		B	C	D
	A			
1	Jurisdictional-100%	100.0000%	0.0000%	100.0000%
2	Non-jurisdictional-100%	0.0000%	100.0000%	100.0000%
3	Demand (Capacity) Factor	99.8100%	0.1900%	100.0000%
4	Energy Factor	99.7900%	0.2100%	100.0000%
5	Distribution Factor	99.8683%	0.1317%	100.0000%
6	Payroll Factor	99.8251%	0.1749%	100.0000%
7	Plant Factor	99.8316%	0.1684%	100.0000%
8	Transmission Factor	99.8100%	0.1900%	100.0000%

Electric/Steam Allocation Factors - Combined

Alloc	Jurisdiction Factors	Electric	Steam	Total
		B	C	D
	A			
Rate Base Allocation Factors (Elec/Steam)				
1	Electric - 100%	100.0000%	0.0000%	100.0000%
2	Steam - 100%	0.0000%	100.0000%	100.0000%
4	Land Factor	100.0000%	0.0000%	100.0000%
5	Structures Factor	94.3619%	5.6381%	100.0000%
6	Boiler Plant Factor	75.6503%	24.3497%	100.0000%
7	Turbogenerators Factor	98.3409%	1.6591%	100.0000%
8	Access Elec Eqpt & General Factor	91.3064%	8.6936%	100.0000%
9	Misc Steam GEN Eqpt Factor	69.8817%	30.1183%	100.0000%
10	Electric/Steam Plant Factor	82.3011%	17.6989%	100.0000%
15	Fuel Oil Demand Factor	83.9856%	16.0144%	100.0000%
Income Statement Allocation Factors (Elec/Steam)				
13	Electric After Steam Alloc (O&M)	84.4153%	15.5847%	100.0000%
14	Electric After Steam Alloc (A&G)	96.8769%	3.1231%	100.0000%
Factors Used to Calculate Other Factors				
3	Allocated Plant Base Factor	99.1600%	0.8400%	100.0000%
11	900 lb Steam Demand Factor	59.2168%	40.7832%	100.0000%
12	Total Coal Burned Factor	8.1257%	91.8743%	100.0000%