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	))))	**File No. ER-2024-0189**

STAFF'S STATEMENT OF POSITIONS

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and for its *Statement of Positions* respectfully states as follows:

1. **Cost of Capital**

   A. **What is the appropriate value of the return on common equity ("ROE") for the Commission to use to determine the rate of return?**

Staff recommends an authorized ROE of 9.74% in a range of reasonableness of 9.40% to 9.99%. See Staff Schedule SJW-TR-2 in Seoung Joun Won's True-up Rebuttal Testimony.

   B. **What is the appropriate capital structure for the Commission to use to determine the rate of return?**

The most appropriate capital structure to use is Evergy Missouri West's actual regulated electric operation standalone capital structure as of June 30, 2024, composed of 48.85% common equity, and 50.15% long-term debt. See Staff Schedule SJW-TR-1 in Seoung Joun Won's True-Up Rebuttal Testimony.

2. **Fuel and Purchased Power**

   A. **What is the appropriate level of variable fuel expense for the Commission to order?**

Staff recommends a total variable fuel and purchased power expense of $244,583,657. See Brodrick Niemeier's True-Up and Rebuttal Testimonies.

   i. **Should forecasted or actual gas prices be used in the fuel expense calculation?**

The Commission should order natural gas prices to be used in the development of variable fuel expense based on historical known and measurable natural gas prices.

Staff recommends the average of 2021 and 2023 natural gas prices by month, by plant, to be used. See Jared Giacone True-Up Direct and Rebuttal Testimonies.

B. What is the appropriate level of purchased power costs and sales for resale revenue for the Commission to order?

Staff recommends a total variable fuel and purchased power expense of $244,583,657. See Brodrick Niemeier's True-Up and Rebuttal Testimonies.

C. What is the appropriate level of transmission costs rights ("TCR") and/or Auction Revenue Rights ("ARR") revenues for the Commission to order?

Staff recommends an annualized level of ** [redacted] **. See Karen Lyons True-Up Rebuttal Testimony, page 7, line 2. Staff recommends using the 12 months ending June 30, 2024 to annualize TCRs.

i. In what FERC account should TCR and ARR revenues be recorded?

OPC witness Angela Schaben recommended EMW report TCR/ARR revenues and/or losses in specifically designated TCR/ARR subaccounts within the 555000 expense account and 447000 revenue account, respectively. Staff does not oppose this recommendation. See Teresa Denney Rebuttal Testimony, page 7.

ii. Should the Company's FAC tariff sheet be updated to reflect the account?

Staff did not provide testimony on this issue, but if the Commission approves OPC witness Angel Schaben's recommendation above, Staff believes the FAC tariff sheet should be updated.

3. Fuel Adjustment Clause

A. What sharing ratio between EMW and its customers should the Commission order as an incentive mechanism in EMW's FAC?

Staff's position is to continue to recommend the current sharing incentive mechanism of 95%/5%. It is Staff's position that changing the current sharing percentage in this rate case is inconsistent with prior Commission rulings and the sharing percentages of other Missouri regulated utilities with FACs. Staff has not found sufficient evidence to support a recommendation to change the sharing mechanism at this time. See Rebuttal Testimony of Brooke Mastrogiannis, pg. 8, lines 15-19.

Staff's additional research indicated a 75/25 sharing mechanism would be more extreme than most other US states. Most of the states explained in Ms. Mastrogiannis' rebuttal testimony have 95% or even higher. See Rebuttal Testimony of Brooke Mastrogiannis, pg. 12, lines 2-4.

B. At what level should Regional Transmission Organization or Independent System Operator transmission costs be included in EMW's FAC?

i. What are the updated transmission costs for EMW?

Staff's position is to use the percentage of total purchases over total market load resulting in 72.76% of SPP costs. As provided in Staff witness Brodrick Niemeier's true-up direct workpapers, Staff calculated the pass-through percentage of Southwest Power Pool ("SPP") transmission costs in the FAC as 72.76% for EMW. This calculation is based on the output from Staff's updated true-up period, ending June 30, 2024, and the associated fuel run for this case. The calculations are appropriate because they are consistent with the method used to calculate the pass-through percentage of SPP transmission costs for EMW's current FAC. See True-Up Direct Testimony of Teresa Denney, pg. 2.

C. What is the appropriate base factor for EMW given the Commission's determination of Issue 2?

Staff recommends the Commission require the Base Factor in EMW's FAC be set based on the Base Energy Cost that the Commission includes in the revenue requirement on which it sets EMW's general rates in this case. Staff's recommendation is to update the Base Factor to $0.02793. See True-Up Direct Testimony of Teresa Denney, pg. 2.

i. What are the appropriate FAC Voltage Adjustment Factors for EMW?

Staff continues to use the voltage adjustment factors presently included in the FAC tariff Sheet No. 127.34 from EMW's most recent general rate case in this current general rate case, provided as follows:

Transmission	1.0300
Substation	1.0388
Primary	1.0503
Secondary	1.0766

See Staff CCOS Direct Testimony of Teresa Denney, pg. 3.

ii. What, if any, Regional Transmission Organization or Independent System Operator charge types should the Commission allow EMW to include in EMW's FAC tariff sheets?

a. Should Southwest Power Pool purchase power administration fees account 555070 be included in the FAC?

Staff continues to recommend the charge types that the Commission should allow EMW to include in EMW's FAC tariff sheets are the charge types that already are present on the current FAC tariff sheets 127.29 through 127.31. Additionally, EMW proposes to include six new SPP charge types that Staff agrees with: “Day-Ahead Uncertainty Reserve Amount”, “Day-Ahead Uncertainty Reserve Distribution Amount”, “Real-Time Uncertainty Reserve Amount”, “Real-Time Uncertainty Reserve Distribution Amount”, “real-Time Uncertainty Non-Performance Amount”, and “Real-Time Uncertainty Non-Performance Distribution Amount.” See Rebuttal Testimony of Teresa Denney, pg. 5, lines 2-6.

However, EMW proposes to add the following SPP charge type language: 1) Transmission Congestion Rights Administration Service; 2) Integrated Marketplace Clearing Administration Service; and 3) Integrated Marketplace Facilitation Administrative Service. On page 5, lines 1-2 of Ms. Nunn’s direct testimony, she also proposes including account 555070 for SPP purchased power administration fees. These fees are, as stated in the title of these charge types, administrative fees; therefore, they are not eligible expenses under the FAC. The Commission has previously stated that SPP administrative fees should not be in the FAC in the following Report and Order from the Kansas City Power & Light (Evergy Missouri Metro’s predecessor) rate case, Case No. ER-2014-0370:

> *KCPL has requested that SPP Schedule1-A and fees be included in its FAC. The Commission finds that these fees are administrative in nature and not directly linked to fuel and purchased power costs. These fees support the operation of SPP and are not needed for KCPL to buy and sell energy to meet the needs of its customers. These fees are neither fuel and purchased power expenses nor transportation expenses incurred to deliver fuel or purchased power. The Commission concludes that including such fees would be unlawful under Section 386.266.1,RSMo and, therefore, Schedule 1-A and 12 fees should not be included in the FAC. These fees are appropriate for recovery in base rates.*

See Rebuttal Testimony of Teresa Denney, pg. 4.

D. Should the Commission order the supplemental monthly submission requirement proposed by Staff and the OPC?

In Ms. Schaben’s direct testimony, she recommends EMW’s FAC monthly reporting requirement should be updated to: 1) include locational market pricing by node; 2) provide TCR/ARR revenues/losses by node - not by revenues or losses; 3) provide a reconciliation/cost benefit analysis between TCR/ARR node revenue and/or losses by each wind; and 4) report TCR/ARR revenues and/or losses in specifically designated TCR/ARR subaccounts within the 555000 expense account and 447000 revenue account, respectively. Staff does not oppose Ms. Schaben’s additional FAC monthly reporting requirement recommendations, as this does seem to be data EMW already has. The more information EMW provides regarding any TCR/ARR costs/revenues, the more informative Staff’s recommendations to the Commission will be regarding the FAC in the future. See Rebuttal Testimony of Teresa Denney, pgs. 7-8.

E. Should the FAC tariff sheets be modified to remove the language associated with Crossroads?

No. Staff recommends the Commission continue to exclude all of EMW's transmission costs related to EMW's Crossroads generating plant from the FAC consistent with the Commission's Report and Orders in both EMW's ER-2010-0356 and ER-2012-0175 rate cases. It appears that after reviewing Ms. Nunn's rebuttal testimony and the response to Data Request 0464, the transmission costs would not flow through the FAC with or without the wording currently included in the tariff. Therefore, it is Staff's opinion there should be no update to the current FAC tariff sheets. Staff also notes that Crossroads transmission expense has to be manually removed from the FAC every Fuel Adjustment Rate filing, which is why Staff believes the language "excluding any transmission costs associated with Crossroads Power Plant" should stay in the FAC tariff sheets, and the costs should continue to be excluded from all FAC base factor calculations. See Rebuttal Testimony of Brooke Mastrogiannis, pgs. 2-3, and Surrebuttal Testimony of Brook Mastrogiannis, pg. 2.

4. Hedging

A. Should EMW be allowed to include an amortization of the previously deferred hedging costs in its revenue requirement?

In ER-2022-0130, Staff, Evergy Missouri West, and other various parties reached a Stipulation and Agreement, which was approved by the Commission on September 2, 2022. On page 5 of that agreement, the parties agreed, and the Commission ordered that: "3. Hedging activity cost and gains will be deferred into the Company's regulatory asset/liability account for future rate treatment determination." Pursuant to the agreement, Evergy Missouri West deferred hedging gains and losses into FERC Account 182.913, a regulatory asset account. The total accumulated balance through December 31, 2023 is $12.6 million. Staff recommends amortizing this amount over four years with no inclusion 19 in rate base. See Direct Testimony of Keith Majors, pg. 27, lines 11-19.

B. Should EMW be allowed to include the costs, gains, and losses arising from its hedging program moving forward in its revenue requirement?

i. If EMW is allowed to include the costs, gains, and losses arising from its hedging program moving forward, should those hedging costs, gains, and losses be recovered through the Company's FAC?

Yes. Staff does not oppose the proposed hedging language in the FAC tariff sheets or hedging costs and gains activity in the FAC, in order to attempt to mitigate the market volatility. See Rebuttal Testimony of Brooke Mastrogiannis, pg. 6, lines 15-16.

5. **Crossroads Energy Center**
    A. **Should the transmission costs EMW incurs to transmit energy from its Crossroads Energy Center at Clarksdale, Mississippi to its service area in Missouri due to this generating facility being located outside of EMW's regional transmission organization be included in EMW's revenue requirement?**
        i. **If so, how much?**

No. Consistent with the Commission's decision in Evergy Missouri West's 2010 and 2012 rate cases, and consistent with the recommendation of Staff in Evergy Missouri West's most recent rate case in 2022, Staff excluded all Crossroads transmission costs in this current case. Staff continues to recommend that Evergy Missouri West not be allowed any recovery of transmission costs associated with Crossroads either in base rates or through the fuel adjustment clause. See Keith Majors Direct Testimony, page 12.

B. **If the Commission includes transmission costs in EMW's revenue requirement, at what value should the Commission include Crossroads in EMW's rate base?**

If the Commission were to find some amount of Crossroads transmission expense to be included in the cost of service, the Commission should find a reduced rate base valuation or a rate base valuation of $0 would be appropriate given the determination of the Commission in the 2010 Rate Case. See Keith Majors Direct Testimony, page 10.

At a minimum, the reduced valuation would be the value of Crossroads at the time of the Aquila acquisition in July 2008, approximately $51.6 million before any depreciation is considered, and would result in a reduction to Crossroads rate base investment as determined by the Commission. Depreciation and related deferred taxes would have to be determined to develop a full rate base value. See Keith Majors Rebuttal Testimony, page 4.

C. **In this case, should the Commission determine it is prudent for Evergy to renew its firm point-to-point transmission service agreement with Entergy Corp. before it expires in February 2029?**

No, this case is not the proper place for the Commission to make such a determination. Staff would submit that this is not a proper issue for decision, and that the Commission cannot legally bind future Commissions in the manner requested by Evergy Missouri West, which will be further addressed in briefs.

Staff does not have a filed position on this specific issue. However, in lieu of renewing the agreement, Staff recommends Evergy West should consider relocating Crossroads to an appropriate site within the Southwest Power Pool, thus avoiding incremental transmission costs. See Keith Majors Rebuttal Testimony, page 40.

6. **Pensions and SERP**
    A. **What's the appropriate level of pension expense to include in revenue requirement?**

Consistent with terms agreed upon in the Non-Unanimous Stipulation and Agreement in Case No. ER-2022-0130 ("2022 Agreement"), FAS 87 regulatory liability balance as of June 30, 2024 is the appropriate level to be included in rate base. Additionally, a 5-year amortization amount of FAS 87 expense based on the 2022 Rate Case stipulated balances is the appropriate amount of pension expense included in revenue requirement.

See Antonija Nieto Direct Testimony, pages 8-9.

7. **Payroll and Payroll Taxes**
    A. **What's the appropriate level of payroll expenses and payroll taxes to be included in revenue requirement?**

The appropriate level of payroll expenses to be included in the revenue requirement is based off of actual employee and wage data as of June 30, 2024. See Sydney Ferguson Direct Testimony page 11.

The appropriate level of payroll taxes to be included in the revenue requirement are based on the June 30, 2024, employee data. See Sydney Ferguson Direct Testimony, page 12.

8. **Severance Costs**
    A. **Should severance costs be included in revenue requirement?**

No. Severance costs are typically incurred when a company undergoes downsizing, restructuring, or other notable organizational changes. Unlike routine payroll expenses, which are predictable and ongoing, severance payments are non-recurring, one-time expenses that come about due to strategic business decisions rather than day-to-day operations. Severance costs can vary widely depending on severance packages offered and the number of terminations made, making the costs difficult to predict and control. Including severance costs in the cost of service could unjustly burden ratepayers with costs that are not directly tied to the utility's provision of service.

Knowing with assurance that severance costs would be solely ratepayers' responsibility may disincentivize a utility to manage its workforce efficiently, leading to higher rates passed on to the consumers. Also, through positive regulatory lag, EMW can recover severance expenses and no further expenses should be recovered in the ongoing cost of service.

See Antonija Nieto Surrebuttal Testimony, pages 5-8

9. **Inflation Bonus**
    A. **Should the inflation bonuses Evergy West paid out during the test year be included in its revenue requirement calculation?**

No. The costs of one-time inflation bonuses paid during the test year should be excluded from the cost of service. See Lindsey Smith Surrebuttal and True-Up Direct Testimony, pages 6-9.

10. Maintenance Expense

A. What is the appropriate level of maintenance expenses for generation, transmission and distribution to be included in revenue requirement?

The Commission should recognize Staff's calculated amount as an appropriate level of non-labor Maintenance Expense. Staff normalized maintenance by averaging the calendar years 2021, 2022, and 2023 to represent future costs with two exceptions. Staff used the last known 12 months ending June 30, 2024 for Account 593, Maintenance of Overhead Lines, and used the test year ending June 30, 2023 for Account 935, General Maintenance.

EMW has departed from using a 3-year average, which it used in direct, in favor of using the latest 12 months to represent Maintenance Expense. EMW witness Linda Nunn claims this more accurately represents rising costs in an inflationary period (See Linida Nunn true-up rebuttal testimony p. 3-4). This cost trend is not consistently and clearly apparent in the data as 2024 calendar year shows less costs than the previous year. Additionally, the current period of heightened inflation started in 2021 and therefore inflation is already represented in the Staff proposed 3-year average. Even with this inflation yearly costs did not incline but fluctuated.

See Nathan Bailey Direct Testimony pages 5-7.

11. Regulatory Assessments

A. What level of regulatory assessment costs should be included in revenue requirement?

Staff removed both the FERC assessment related to Crossroads' location in the MISO RTO as well as the MISO administrative fees. The FERC assessment and MISO administrative fees are billed to EMW through MISO. But for Crossroads being located in the MISO RTO, EMW would not incur these expenses. Staff has properly removed these costs in addition to the point-to-point transmission costs recorded in FERC Account 565 in accordance to the 2010 and 2012 Commission orders concerning Crossroads transmission. See Keith Majors Surrebuttal Testimony, page 32.

12. Advertising Expense

A. What level of advertising expense, if any, should be included in the revenue requirement?

Staff recommends the Commission approve the removal of the percentage of each campaign creative identified as institutional advertisements from the test year amount. See Lindsey Smith Surrebuttal and True-Up Direct Testimony, pages 9-11.

B. Should the Company be required to make accounting changes associated with advertising expenses?

Yes. Although EMW was able to clarify different campaign creatives under the scope of a larger campaign, it still lumped the cost of campaigns together and made it difficult for Staff to audit properly. Staff is aware that finding individual costs for each advertisement would be time-consuming and expensive. Therefore, Staff now requests the Commission to order EMW to change their accounting procedures for advertising and account for campaigns separately along with specific advertisements in each campaign in order to establish an auditable paper trail that bridges the information gap between the general ledger and invoices/advertisements EMW provides to support the costs. This would allow Staff to make a more refined and accurate adjustment for advertising expense. See Lindsey Smith Surrebuttal and True-Up Direct Testimony, pages 10-11.

13. FAC Deferral

A. What amount of amortization expense associated with the FAC deferral should be included in the revenue requirement?

Staff maintains the position that EMW should have requested rate recovery of the FAC deferral balance in the prior ER-2022-0130 rate case. On page 13, lines 18-19 of EMW witness Klote's rebuttal testimony, Mr. Klote admits that not requesting recovery in the prior rate case was an error. Staff acknowledges that EMW should recover the original FAC deferral balance but with no carrying costs and a quicker four year timeframe. As an alternative, Staff would support inclusion of carrying costs through the January 2023 effective date of rates in the prior ER-2022-0130 rate case which would align with the carrying costs that would have been allowed if EMW appropriately requested recovery of the FAC deferral balance in the prior rate case like they should have. Giacone direct pages 14-15, Giacone surrebuttal pages 11-14; Klote direct pages 11-12, Klote rebuttal pages 13-14

14. Common Use Billings

A. What is the appropriate method to annualize common use billings?

B. What level of annualization should be included in the revenue requirement calculation?

The amount of common-use billings included in rates should reflect the actual amounts billed during the twelve-month true-up period ending June 30, 2024. The amount recorded during this period was $35,383,807. See Matthew Young Direct Testimony, page 20.

15. Kansas City Earning Tax

A. **What level of Kansas City Earnings Tax Expense should the Commission recognize when determining Evergy West's revenue requirement?**

The Commission should analyze historical costs and determine $0 of Kansas City Earnings Tax is appropriate in this case. The use of known-and-measurable costs to set rates is more reliable than relying on utility estimates. See Matthew Young Surrebuttal Testimony, pages 12 – 13.

16. Bad Debt Expense

A. Should bad debt expense be grossed-up for the revenue requirement change the Commission finds for Evergy West in this case?

No. Staff does not believe there is any direct relationship between bad debts and increasing or decreasing revenues and, as such, is opposed to the bad debt factor up or gross up. EMW treats bad debt gross up like the income tax gross up, as any increase in revenues causes an increase in income tax, hence the increase in revenues will cause the increase in bed debts. Staff's analysis shows that relationship does not hold. Therefore, Staff is opposed to any bad debt gross up.

See Antonija Nieto Rebuttal Testimony pages 2-8.

B. What level of bad debt expense should the Commission recognize in EMW's revenue requirement?

Yes. The Commission should recognize Staff calculated ratio of EMW's net write-offs to annualized retail revenue as an appropriate level of bad debt expense.

See Antonija Nieto Direct Testimony pages 2-3.

C. Should forfeited discount revenue be grossed-up consistent with the gross-up of bad debt expense?

If the Commission concludes that it is reasonable and appropriate to "gross-up" bad debt expense for purposes of setting rates, on the theory that EMW will experience a higher level of bad debts as a result of a rate increase, then it is reasonable to conclude that EMW will also experience a higher level of late payment revenue resulting from those higher rates. To summarize, Staff recommends the Commission deny both factor-ups, but if bad debt expense is ordered to be factored up, then late payment fees should also be factored-up.

See Antonija Nieto Rebuttal Testimony, page 3.

17. O&M

A. Should the O&M ratio reflect an average of multiple years or the last known O&M amount for calendar year 2023?

Since the O&M ratio has been in an overall downward trend since 2018, an average is not appropriate. Therefore, the last known 2023 calendar year O&M ratio should be used. See Sydney Ferguson Surrebuttal Testimony, pages 1-5.

18. Dues and Donations

A. What level of dues and donations expense should the Commission recognize in Evergy West's revenue requirements?

The Commission should not recognize any of the EEI dues in the ordered revenue requirement. The Commission has consistently held from the Commission Order in Case No. ER-82-66 that "…until the Company can better quantify the benefit and activities that were the causal factor of the benefit, the Commission must disallow EEI dues and expenses." In this case the Company did not provide any quantification or analysis to comply with that Commission order. Therefore, none of the EEI expenses should be included in the ordered revenue requirement. See Jared Giacone Direct Testimony, pages 8-11, and Jared Giacone Surrebuttal Testimony, pages 2-9.

19. Rate Case Expense

A. What level of rate case expense should be included in rates?

The amount of rate case expense to include in rates should be a three-year normalization of rate case expenses incurred in ER-2022-0130, ER-2018-0146, and ER-2016-0156, with that amount split 50/50 between ratepayers and shareholders. The ratepayer portion should also include 100% of the normalized costs of the depreciation study and line loss study expenses, with that total ratepayer portion normalized over 3 years. This results in an annual amount of $187,479 for Evergy West. See Lindsey Smith Surrebuttal and True-Up Direct Testimony, pages 2-6.

20. Depreciation

A. What depreciation rates should be ordered by the Commission?

Staff believes the depreciation rate changes requested by EMW are reasonable, with the exception of Lake Road Turbine 5 Account 34600. EMW proposed to use the depreciation rate for Lake Road Common plant account 31600 as a surrogate rate for Lake Road Turbine 5 Account 34600. Staff believes it is more reasonable to use the depreciation rate for Lake Road Common plant account 34600, as they are the same account number and should contain similar items. See Rebuttal Testimony of Amanda Coffer, pg. 2, and Surrebuttal Testimony of Amanda Coffer, pgs. 2-3.

B. Is Evergy Missouri West required to maintain an accurate CPR in accordance with Commission Rule 20 CSR 4240-20.030(3)(1)(I), which includes the vintage year?

Yes. See Direct Testimony of Amanda Coffer, pgs. 4-6, and Surrebuttal Testimony of Amanda Coffer, pg. 4.

21. Time of Use Education and Marketing

A. Did the Company properly comply with the Commission's order from the prior rate case to engage and educate its customers with regard to TOU rate implementation?

No. EMW has not been effective in developing customer education and outreach materials, and implementing a program to fully engage and educate its customers. Staff does not believe that customers have a good understanding of the TOU rate options because of the tactics used during the campaign. EMW did not place enough emphasis on customer choice and used the mandate tactic and alarmist marketing.

EMW failed to explain to customers the interaction of elimination of the space heating discounts and the associated rate reduction for approximately 60% of its customers. (2) The ad campaign related to directing ratepayer ire at the Commission or the State of Missouri, and away from EMW was not reasonable or appropriate, and did not benefit ratepayers. And, (3) the approach taken with naming the rate plans and conveying rate plan descriptions to customers was not reasonable or appropriate, and did not benefit ratepayers. For example, during the summer of 2023, EMW's customers were informed that the Summer Peak Time Plan (at the time, the default rate plan, to which all residential customers would be moved unless they took action) was for "Customers who can reduce their usage during the peak time period in the summer months of June through September. If you enjoy using smart home products, like a smart thermostat or programmable appliances, and already pay attention to your energy usage, this rate option may work for you," and "To avoid paying a higher price for energy during the summer peak period, it will be important to shift energy usage to mornings, overnight, or weekends in the summer." In fact, EMW's research had shown that 79% of its customers would experience a bill decrease relative to those customer's then-current rate plans based on prior usage, without any of the shifts discussed in the marketing materials. Other examples are provided throughout the testimonies of Sarah Lange and Tammy Huber.

See Sarah Lange CCoS Direct Testimony, pgs 15-36, Schedule SLKL-drr11 pg. 11, and Sarah Lange Surrebuttal Testimony, pgs. 7-9.

B. What, if any, amount of EMW expenditures related to the education and outreach costs associated with TOU rate implementation should EMW be permitted to recover?

Staff recommends the Commission allow EMW to recover $3,173,845 of default TOU customer education expenses incurred through June 30, 2024, less any further disallowance of costs the Commission deems appropriate, amortized over four years.

Appropriate disallowances should be made for (1) MEEIA-related customer materials in the amount of **[redacted]**, (2) costs associated with the ad campaign related to directing ratepayer ire at the Commission or the State of Missouri, and away from EMW, and (3) costs associated with the approach taken with naming the rate plans and conveying rate plan descriptions to customers. The combined recommended disallowance for the second two items is $863,476. These second two items are discussed under issue 21B.

Staff's position is not that MEEIA promotion is improper, it is that MEEIA marketing should be booked to MEEIA marketing. While EMW promoted thermostats, demand response, and other MEEIA programs in its rate plan transition materials, it did not allocate any costs for those materials or the development of those materials to its MEEIA programs.[1] This is problematic because under current Commission-approved stipulations related to EMW's MEEIA authority, administrative, advertising, and marking costs are limited to 45% of the period cost expenditures. If administrative, marketing, and advertising costs incurred to promote MEEIA programs are not properly booked, this MEEIA provision cannot be reasonably enforced.[2] In the case of reasonable overlap, allocation of a shared expense should be booked to MEEIA promotion and to TOU marketing. Staff recommends that the Commission order that 25% of the subset of costs that promoted MEEIA in TOU marketing materials be rebooked by EMW to MEEIA administrative costs.[3]

See Jared Giacone Direct Testimony, pages 3-6, Jared Giacone Surrebuttal Testiony, pages 16-17; Sarah Lange Surrebuttal Testimony, pages 5-11; Tammy Huber Direct Testimony, pages 1-13, Tammy Huber Surrebuttal Testimony, pages 1-9.

C. Should the Commission order EMW to continue its education and marketing campaign and undertake the public service announcements as articulated in the testimony of Dr. Geoff Marke?

Staff does not currently have a position regarding this issue, and reserves the right to take a position as the case develops.

D. Should Evergy conduct additional education and outreach efforts to educate residential net metering customers of TOU rate availability?

Staff does not have testimony on this issue; however, after reviewing recently received information and data from EMW, if the Commission determines that Evergy should conduct additional education and outreach, Staff recommends deferrals to the TOU tracker should cease September 30, 2024.

22. Greenwood

A. Should a portion of plant, reserve and depreciation expense of the Greenwood solar facility be allocated to EMM?

Yes. The Greenwood solar project was constructed to allow Evergy employees to gain experience designing, constructing, maintaining and operating a utility scale solar facility. Staff recommends the Commission allocate the plant and reserve balances as of the true-up date of June 30, 2024, between EMW and Evergy Metro based on the number of

[1] Sarah Lange CoS Direct, page 15.
[2] Sarah Lange CoS Direct, page 16.
[3] Sarah Lange Surrebuttal, page 6.

customers in the respective jurisdiction. See Jared Giacone Direct Testimony, pages 6-8, Jared Giacone Surrebuttal Testimony pages 9-10; and Ron Klote Rebuttal Testimony, pages 10-12.

23. Prepayments

A. What level of prepayments should be included in rate base?

The Commission should not recognize any of the EEI dues in the ordered revenue requirement, including any prepaid amounts. See Jared Giacone Direct Testimony, pages 8-11, and Jared Giacone Surrebuttal Testimony, pages 2-9

24. Net Operating Loss Carryforward

A. Does EMW have a Net Operating Loss Carryforward (NOLC)?

i. Should the balance of Accumulated Deferred Income Tax ("ADIT") or Excess Accumulated Deferred Income Taxes ("EADIT") in rate base be reduced by the book balance of the NOLC, if it exists?

No, EMW does not have a conventional NOLC from its regulated operations. The current amount of NOLC on the books is not available to offset EMW's tax liability and is not a traditional tax asset. Instead, the book amount is carried to offset EMW's tax liability created by the 2017 Tax Cuts and Jobs Act. The NOLC is directly tied to the amount of EMW's EADIT that is being returned to ratepayers and is appropriate to include both sides of the coin for ratemaking. This accounting treatment has been in place since it was stipulated in EMW's ER-2018-0146 general rate case. See Matthew Young Rebuttal Testimony, pages 2 – 4.

25. EADIT

A. What amount of EADIT amortization should be included in rates?

The Commission should recognize the net EADIT amortization of $(3,748,037) which reflects the twelve-months ending June 30, 2024. This time period is in sync with the true-up date in this case. See Matthew Young Surrebuttal Testimony, pg. 12.

26. Income Taxes

A. Should the calculation of EMW's income tax expense include a tax deduction for tax losses associated with asset dispositions?

No. The current ratemaking approach to income tax expense and ADIT relies on assumptions embedded in the foundation of mass asset accounting to simplify the tax calculations. Using those assumptions, rates are set assuming that ratepayers will enjoy the ADIT reduction to rate base until they fully receive the tax benefits of reduced deferred income tax expense. However, the Plant in Service Accounting legislation has indirectly upset the assumptions used in the current ratemaking approach so it would be reasonable to manually flow some level of tax benefits to ratepayers on a going-forward basis as long as ADIT is reduced by a proper amount. See Matthew Young Rebuttal Testimony, pages 4 – 14.

27. Revenues

A. What are appropriate current revenues and billing determinants for establishing rates in this case?

Staff's rate revenue adjustments as filed in Staff's Surrebuttal/True-up Direct. Staff developed billing determinants resulting from adjustments for the update period, true-up growth, true-up rate switchers, true-up MEEIA, Large Power annualization, weather normalization, 365 days, interclass residential rate switch, net metering rate change annualization, and true-up Nucor. See Surrebuttal/True-up Direct Testimony of Kim Cox, pgs. 9 and 10.

i. EMW rate switching adjustment: Should the residential current revenues be modified by Evergy's proposed adjustment related to the difference in calculated bills for the period July 2022 – June 2023?

No. EMW's requested adjustment is not reasonable. EMW's adjustment was calculated based on modeling where every ratepayer knew ahead of time how much energy they would use in which time period for the next twelve months, calculated which rate plan would produce the lowest bills during the months of July 2022 – June 2023, and then took service on that rate plan for those 12 months. While only 15% of customers actually opted into a time-based rate other than the Residential Peak Adjustment ("RPKA") rate plan, EMW calculated its adjustment as though a majority of customers who take service on a time-based rate take service on the high differential rate plan. The default time-based plan accounted for 84%of residential customers as of July 1, 2024. See Rebuttal Testimony of Kim Cox, pg. 4, lines 23 and 24 and pg. 5, Surrebuttal/True-up Direct Testimony of Kim Cox, pg 7, lines 1-3, and Rebuttal Testimony of Sarah Lange, pgs. 7-8.

ii. Should Staff's residential interclass rate switch reduction of $380,818 to rate case revenues be approved?

Yes. In order to have normalized and annualized billing determinants, Staff moved the rate codes that did not have 12 months of billing determinants to the default rate. The peak period and season that an adjustment would apply could not be determined without having 12 months of billing determinants on the new TOU rate codes. Staff's approach is based on the most current data and is more reasonable than EMW's TOU revenue reduction of 3.1M. See Surrebuttal/True-up Direct testimony of Kim Cox, pg. 5, lines 9-11 and pg. 6, lines 1-9.

iii. Should the blocking percentage for the actual blocks and the weather normalized blocks be the same?

No. Customers consume energy differently depending on weather and it impacts on-peak and off-peak hours differently. Air conditioning is used more during the hot peak hours of the day rather than the cooler hours of night, and both EMW's and Staff's analysis indicated that weather impacted peak hours differently than off-peak hours. Staff's method is more reasonable because it accounts for these differences. See Rebuttal Testimony of Kim Cox, pg. 8, lines 24-26, Direct Testimony of Michael L. Stahlman, pg. 8, lines 5-7, and Rebuttal Testimony of Michael L Stahlman, pg. 1, lines 23-24 and pg. 2, lines 15-22.

iv. What method should be utilized to measure customer growth?

Staff's method of using monthly actual customer charge counts at the rate code level (except for non-LP customer, Nucor and lighting) should be used to calculate customer growth. The class as a whole does not align with the individual rate codes. See Rebuttal Testimony of Kim Cox, pg. 11, lines 18 and 19 and Surrebuttal/True-up Testimony of Kim Cox, pg. 9, lines 15-21.

v. Should net metering and parallel generation customer usage be adjusted for weather normalization?

No. The customer-generated solar is either reducing the load or feeding the net energy back to the grid. The usage of these customers will have a different response to weather. A net-metered customer's response to weather will be different than a general customer. For a net-metered customer, a clear sunny day would tend to bring about that customer's highest generation generally around the same time that usage would be highest. Hourly load for these rate codes has not been made available for weather normalization analysis. See Rebuttal Testimony of Kim Cox, pg. 15, lines 14-16 and Rebuttal Testimony of Michael Stahlman, pg. 3, lines 2-4 and lines 6-8.

vi. Should the bill counts be provided by Evergy for test year and update period in the next general rate case?

Yes. EMW has provided the bill counts in previous rate cases and should continue to do so. The bill counts should not have been set to equal the customer charge counts when they were available. For Staff's method to be consistent, the customer bill count would be utilized to calculate the use per customer and the customer charge count would be utilized to calculate the customer growth. See Direct Testimony of Kim Cox, pg. 7, lines 16-19, pg.8, lines 1-8, pg. 9, lines 33-36, pg. 10, lines 1-2; Rebuttal Testimony of Kim Cox, pg. 2, lines 27-30, pg. 3, lines 6-12; and Surrebuttal/True-up Direct of Kim Cox, pg.3, lines 12-15 and line 22, and pg. 4, lines 1-4.

vii. Should EMW be ordered to review 20% of individual bills for the TOU rate codes for the shoulder months going forward?

a. If so, when should those results be provided?

Yes. EMW's billing determinants indicate that the TOU rate codes have overlapping season usage in the winter shoulder months only without corresponding overlaps in the summer shoulder months.

The billing determinants indicate summer usage for the months of October and November 2023. There is not usage in winter for the months of April and May. The tariff language "Customer bills for meter reading periods including one or more days in both seasons will reflect the usage for each period occurring in each season" became effective January 9, 2023. The summer shoulder months only have usage in the summer but based would also have overlapping usage based on the new tariff language. The seasons are billed at peak rates with the winter season being less than the summer season. The results should be provided to Staff by January 1 of each year. See Rebuttal Testimony of Kim Cox, pgs. 9 and 10.

Revenue Tracker

B. Should the Commission approve EMW's request for a tracker associated with TOU rate revenue?

No. First, to the extent that EMW experiences revenue shortfalls or overages associated with customer usage on time-based rates, that is a function of the time-based rates, or of Evergy's own decision to make customer optionality a centerpiece of its brand, and the level of variability of the default RPKA rate revenues is comparable to the level of variability of the discontinued usage-blocked rate structures.

Second, EMW's proposed balance calculation is not reasonable. EMW's proposed calculation, "[t]he comparison will be between the TOU rate that the customer is under during the specified period and the general service rate (non-time variant rate)," will show under-recovery every single time because that rate is not revenue neutral to the time-based rates. In designing rates for the compliance tariffs in ER-2022-0130, the MORG rate plan rates were set to provide an average summer $/kWh of $0.1187 per kWh, and an average non-summer $/kWh of $0.0966. The RPKA, TOU2 and TOU3 rate plans were each designed to produce average summer $/kWh of $0.1220 and a non-summer average of $0.0862. These time-based plans were designed to produce different revenue because they averaged the revenue produced by MORG and MORH. MORH was designed to provide average summer $/kWh of $0.1187, and average non-summer kWh of $0.0766. EMW does not propose to exclude accretive usage induced by time-based rates from its tracker balance, nor to acknowledge usage changes such as precooling, preheating, electrification, and EV charging will be excluded from the requested deferral calculation. EMW has struggled to find a vendor to calculate the ongoing tracker balance using its proposed method, and is unable to identify the cost to do so, which should be a consideration in the granting of any accounting authority.

In granting accounting authority to track a difference between two values, it is necessary that there be certainty in the valuation of those two values.

Finally, EMW does not propose to track changes in operating costs that would be caused by customers shifting or changing the timing of energy usage, which would offset changes in revenue recovery. Calculation of those avoided or reduced operating costs would be incredibly difficult, but would be essential to calculate an accurate quantification of the full financial impact of time-based rates on EMW, which further supports rejection of the requested tracker.

See Sarah Lange CoS Direct Testimony, pgs. 13-14, Sarah Lange Rebuttal Testimony, pgs. 21-25 and 27-28, and Sarah Lange Surrebuttal Testimony pgs. 3 and 5.

28. Rate Design/Class Cost of Service

A. What is the appropriate allocation of revenue requirement among the rate classes?

No changes in class revenue responsibility should be made at this time. See Sarah Lange CCoS Direct Testimony, pg. 2.

B. Should the Commission order EMW to provide information in its next general rate case for conduct of a distribution customer cost study, as described in Sarah Lange rebuttal testimony at page 42?

Yes. EMW is overdue for a comprehensive study of its distribution and customer-related costs, and any CCoS study done at this time is necessarily unreliable. EMW's classification and allocation of its distribution revenue requirement in its CCoS in this case were not consistent with the 1992 NARUC manual, the Regulatory Assistance Project cost allocation manual, or other industry best practices. EMW has provided more detail than in the past concerning the split of its recorded costs between secondary, primary, and high voltages, but more work remains needed.

The Commission should order EMW to provide the following in its next general rate case:

1. A calculation of each of the following, supported by detailed workpapers:

    a. Reasonable estimates of an average, low range, and high range cost for installation in the most recent 12 months of each of the following:

        i. 1 mile of overhead circuit operating in each voltage "bin;"

        ii. 1 mile of underground circuit, operating in each voltage "bin;" and

        iii. A typical meter and associated transformers operating in each voltage "bin," generally associated with service of customers falling in each demand "bin."

    b. A reasonable estimate of an average, low range, and high range, embedded cost of installation of each of the following:

        i. 1 mile of overhead circuit operating in each voltage "bin;"

ii. 1 mile of underground circuit, operating in each voltage "bin;" and

iii. A typical meter and associated transformers operating in each voltage "bin," generally associated with service of customers falling in each demand "bin."

2. The best available information, supported by applicable documentation, of:

a. A list of the underground circuits operating at each voltage "bin," and the mileage of each circuit;

b. A list of the overhead circuits operating at each voltage "bin," and the mileage of each circuit;

c. For each feeder circuit, the number of customers served by that circuit at each voltage "bin," and identification of each circuit fed;

d. For each feeder circuit, the number of customers served by that circuit at each voltage "bin;" and

e. For each substation, identification of each interconnected circuit.

See Sarah Lange Rebuttal Testimony, pgs. 29 and 35.

C. What are reasonable CCOS results to inform ratemaking in this case?

The EMW and derivative MECG study are not reliable. While the EMW and derivative study are not reliable, Staff correction of three of the more simple issues indicates that it may be reasonable for the SGS class to receive a lower-than-average increase, and for the LPS class to receive a higher-than-average increase. However, because the underlying study is not reliable, Staff does not recommend those shifts be made in this case. See Sarah Lange Rebuttal Testimony, pgs. 29 and 33-34.

i. What is reasonable allocation for production plant, transmission plant, and distribution plant?

Staff does not agree that this issue is properly before the Commission for resolution in this case, but agreed to its inclusion in the issues list to avoid filing of multiple issues lists.

Staff did not perform a CCoS Study in this case and does not recommend the Commission rely on the functionalized revenue requirements calculated in this case by any other party for purposes of setting rates. A reasonable CCoS Study would account for the existence of the integrated market, and reasonably allocate distribution plant consistent with the Regulatory Assistance Manual, the NARUC manual, or other industry best practices.

The EMW and derivative MECG study unreasonably allocated transmission expense using its production allocator while ignoring the existence of the integrated market. If the production allocator ignores the existence of the integrated market, as in studies which predate the integrated market, a 12 CP allocator is typically used for allocation of the transmission revenue requirement.

EMW's study unreasonably allocates production costs, fuel costs, energy costs, and energy revenues as though the integrated energy market does not exist.

While not an exhaustive list, regarding distribution plant a reasonable allocation should reasonably allocate the costs of distribution facilities that are essentially service lines for customers served at higher voltages, and acknowledge the demand-capability of the minimum system, if a minimum system approach is taken.

The EMW and derivative MECG study unreasonably include Crossroads transmission expenses.

See Sarah Lange Rebuttal Testimony, pgs. 30-31 and 34-41.

ii. What is the appropriate allocation method for allocating fuel expenses?

Staff does not agree that this issue is properly before the Commission for resolution in this case, but agreed to its inclusion in the issues list to avoid filing of multiple issues lists.

A reasonable CCoS Study would account for the existence of the integrated market and account for changes in the wholesale cost of energy over the time of day and over the course of a year.

Without doing so, even under the dramatic hypothetical where residential customers overwhelmingly responded to TOU price signals and used not a single kWh of energy on-peak, but used the same amount of energy overall, it would make no change in the allocation of fuel costs.

See Sarah Lange Rebuttal Testimony, pg. 34, and Sarah Lange Surrebuttal Testimony, pgs. 11-12.

iii. Are adjustments for residential TOU revenues appropriate?

Staff does not agree that this issue is properly before the Commission for resolution in this case, but agreed to its inclusion in the issues list to avoid filing of multiple issues lists.

Staff does not recommend that any CCoS results considered in this case include the unreasonable reduction of calculated residential revenues of $3.1 million. The EMW and MECG derivative studies include this unreasonable adjustment.

See Sarah Lange Rebuttal Testimony, pgs. 29-30.

iv. Are adjustments for Crossroads transmission revenues appropriate?

Staff does not agree that this issue is properly before the Commission for resolution in this case, but agreed to its inclusion in the issues list to avoid filing of multiple issues lists.

Staff does not recommend that any CCoS results considered in this case include the unreasonable inclusion in transmission expense of $16.49 million associated with Crossroads. The EMW and MECG derivative studies include this unreasonable adjustment.

See Sarah Lange Rebuttal Testimony, pgs. 30-31.

D. What are the appropriate rate structures and rate designs for the Residential customers of the company?

Staff recommends that any changes to the revenue responsibility of residential customers be applied as an equal percentage increase to each rate element of each residential rate plan, except as may be ordered to improve the compatibility of rate plans with net metering, as discussed below.

EMW's customers have only been on time based rate plans for a short amount of time, and that transition was tumultuous as best. EMW has been unable to provide the information necessary to study the relationship of each rate plan (and each charge on each rate plan) to consumption characteristics. The Commission is obligated to set just and reasonable rates in every rate case. At this time, reasonable means, effectively, staying the course to minimize customer impact. See Sarah Lange CCoS Direct Testimony, pgs. 31-32.

i. What is the appropriate customer charge for Residential customers?

Staff recommends that the customer charge be increased on an equal percentage basis. EMW's customers have only been on time based rate plans for a short amount of time, and that transition was tumultuous as best. At this time, reasonable means, effectively, staying the course to minimize customer impact. See Sarah Lange CCoS Direct Testimony, pgs. 31-32.

ii. What is the appropriate approach to enable residential net metering customers to fully participate in time-of-use rates?

To effectuate the participation of net metering and similarly-situated residential customers in time-of-use rate plans, EMW could simply include the following language in the tariffs of the more highly differentiated rate plans:

For bill calculation purposes, all net kWh shall be billed at the off-peak rate, with the difference between the on-peak and off-peak rate applied as a surcharge to the net kWh consumed during the on-peak period, and the difference between the super off-peak and off-peak rate applied as a credit to the net kWh consumed during the super off-peak period. See Sarah Lange CCoS Direct Testimony, pg. 35, and Claire Eubanks Surrebuttal Testimony, pg. 2.

Staff recommends that Evergy's tariffs be updated to reflect its internal policy change by including the following language to avoid future customer confusion:

For new or expanded Customer-Generator systems, as of the effective date of this tariff, the Company shall measure the Customer-Generator's net electrical energy by employing multiple meters that separately measure the Customer-Generator's consumption and production of electricity. See Claire Eubanks Surrebuttal Testimony, pg. 11.

iii. Should Evergy's current marketing names for its residential rate plans should be reflected in EMW's tariff?

Yes. A customer attempting to learn more about a marketed rate plan cannot reasonably link names like "Summer Peak Saver," to tariffed names like "Residential Two-Period Time of Use." Staff recommends that EMW incorporate the phrase "Marketed as [MARKETING NAME]" onto the tariff sheets applicable to each residential rate plan. See Sarah Lange CCoS Direct Testimony, pg. 37.

iv. Should the rates currently found at sheet 146.1, provision A as applicable to General Use rate code "MORG" be increased consistent with the Commission's order in this case and retained on or around sheet 146.3 as "Monthly rate for customers who have opted out of AMI metering"?

Yes. See Sarah Lange CCoS Direct Testimony, pg. 37.

v. Should sheets 146 – 146.2, titled "Residential Service" should be modified to reflect service under the default residential rate plan, RPKA, currently tariffed at sheet 146.9-146.11, with the "Availability" provisions and "Applicability" provisions throughout the residential service tariff sheets revised to remove obsolete language related to rate plan transitions and eliminations?

Yes. See Sarah Lange CCoS Direct Testimony, pg. 37.

vi. Should the Commission order the company to remove the Residential Other Use tariff?

Yes. See Sarah Lange CCoS Direct Testimony, pg. 37.

E. What are the appropriate rate structures and rate designs for the non-Residential customers of the company?

For non-residential non-lighting customers, reliance on hours-use rate structures be lessened, and time-based elements be incorporated, and that end use rate distinctions and related discounts be eliminated. This recommendation is substantively similar to Staff's recommendation in Case No. ER-2022-0130, EMW's last general rate case, and is not inconsistent with recently-implemented Evergy Kansas Metro rate structures in the State of Kansas, see Schedule SLKL-drd13.

Time-based elements should be incorporated as an overlay to moderate customer impacts. This approach moderates customer impacts by allowing customers with higher load factors to continue to pay a lower than average cost per kWh, and persists in billing customers with lower load factors to pay higher than average costs per kWh.

EMW should inform its customers who are billed on an end-use rate of the following content (or something substantially similar):

> On February 2, 2024, Evergy Missouri West requested an increase to its rates, which was granted on DATE. [ACCOUNT NAME] has received service on a rate schedule that provided discounts for usage due to use of electric heating equipment. That rate schedule has been eliminated, and the discount you have previously received will be spread to all customers in your customer class. The value of the discount will not be retained by Evergy Missouri West. Evergy Missouri West will also modify the rate structure for customers in your customer class to decrease the charges for energy at times when the wholesale cost of energy is lower, and to increase the charges for energy at times when the wholesale cost of energy is higher. The new charges are set out in the table below [Insert table.]

EMW should inform its customers who have been billed in the last calendar year using seasonal energy charges of the following content (or something substantially similar):

> On February 2, 2024, Evergy Missouri West requested an increase to its rates, which was granted on DATE. [ACCOUNT NAME] has received service on a rate schedule that provided discounts for relatively higher usage during winter months. That discount has been eliminated, and the discount you have previously received will be spread to all customers in your customer class. The value of the discount will not be retained by Evergy Missouri West. Evergy Missouri West will also modify the rate structure for customers in your customer class to decrease the charges for energy at times when the wholesale cost of energy is lower, and to increase the charges for energy at times when the wholesale cost of energy is higher. The new charges are set out in the table below [Insert table.]

EMW should inform its customers who do not meet either of the above criteria of the following content (or something substantially similar):

> On February 2, 2024, Evergy Missouri West requested an increase to its rates, which was granted on DATE. Some customers in your customer class have received discounts which have been eliminated and the value of that discount will be spread to all customers in your customer class. The value of the discount will not be retained by Evergy Missouri West. Evergy Missouri West will also modify the rate structure for customers in your customer class to decrease the charges for energy at times when the wholesale cost of energy is lower, and to increase the charges for energy at times when the wholesale cost of energy is higher. The new charges are set out in the table below [Insert table.]

In the alternative, Staff is not opposed to total elimination of the hours use design in favor of reasonably-designed full time-of-use rates for non-residential energy charges.

See Sarah Lange CCoS Direct Testimony, pgs. 2-3 and 20-21, and Sarah Lange Surrebuttal Testimony, pgs. 15-16.

i. What are the appropriate customer charges for non-Residential customers?

Within each class, to mitigate customer rate impacts, all rate elements other than energy rate elements should be increased by an equal percent adjustment. Further, EMW is unable to provide the information necessary to reasonably study the relationship of cost causation and revenue responsibility as it pertains to the customer, facilities, and demand charges of customers served at various voltages within the class. See Sarah Lange CCoS Direct Testimony, pgs. 26, 30, and 33.

ii. What are the appropriate facilities charges for non-Residential customers?

Within each class, to mitigate customer rate impacts, all rate elements other than energy rate elements should be increased by an equal percent adjustment. Further, EMW is unable to provide the information necessary to reasonably study the relationship of cost causation and revenue responsibility as it pertains to the customer, facilities, and demand charges of customers served at various voltages within the class.

Both EMW and MECG request increased reliance on NCP demand determinants, however, neither provided customer impacts of these proposed data, nor has EMW provided sample customer data for Staff to review customer impacts.

See Sarah Lange CCoS Direct Testimony, pgs. 26, 30, and 33, and Sarah Lange Rebuttal Testimony, pgs. 43-44.

iii. Should a peak time overlay be applied to the Hours-Use energy charges?

Yes. This recommendation is substantively similar to Staff's recommendation in Case No. ER-2022-0130, EMW's last general rate case, and is not inconsistent with recently-implemented Evergy Kansas Metro rate structures in the State of Kansas. See Schedule SLKL-drd13.

Time-based elements should be incorporated as an overlay to moderate customer impacts. This approach moderates customer impacts by allowing customers with higher load factors to continue to pay a lower than average cost per kWh, and persists in billing customers with lower load factors to pay higher than average costs per kWh.

In the alternative, Staff is not opposed to total elimination of the hours use design in favor of reasonably-designed full time-of-use rates for non-residential energy charges.

See Sarah Lange CCoS Direct Testimony, pgs. 2-3, and Sarah Lange Surrebuttal Testimony, pgs. 15-16.

iv. Should Seasonal Energy be eliminated within the Hours-Use energy charge?

Yes. EMW's current tariffs provisions for Small General Service (SGS), Large General Service (LGS), and Large Power Service (LPS) for a discounted rate for non-summer seasonal energy should be eliminated. See Sarah Lange CCoS Direct Testimony, pg. 4.

v. Should the company retain the separately metered Small General Service rate?

No. EMW's currently-tariffed end-use discounted rate for space heating and electric water heating should be eliminated. See Sarah Lange CCoS Direct Testimony, pg. 5.

vi. Should the company evaluate and make recommendations concerning the Primary Discount Rider in future case?

Yes. Information is not available to review the interaction revenue responsibility and cost causation of EMW's tariffed rates for service at each voltage. The Primary Discount Rider further affects this relationship. Comprehensive study is needed of the revenue responsibility and cost causation of service of customer at various voltages. See Sarah Lange CCoS Direct Testimony, pg. 38.

vii. Should the company eliminate the Thermal Storage Pilot Program?

Staff does not have testimony on this issue, and does not oppose elimination of the Thermal Energy Storage Pilot tariff sheets.

viii. Shall the company state its preferred changes to rate structures for consideration and input of stakeholders?

Yes. EMW criticizes Staff's recommended rate structures as not mirroring EMW's intended structures, but has not provided Staff with its "Bright Lines proposal".

F. Should EMW's proposed changes to the municipal street lighting tariff language be implemented?

Pending receipt of additional information which may be adduced at hearing, Staff is not opposed to these changes.

i. Shall the company file MDCA contracts?

Yes. Staff has concerns that while the current rate codes associated with the Item "MDCA" that appears in the rate codes MON36, MON47, MON85, MOMLL appears in the current EMW tariff, the specific rate charged is not disclosed. Further, Staff believes that an early disclosure of the specific rates used for the "special lighting contracts between the

Company and the Customer" will add transparency to the process. See Direct Testimony of Francisco Del Pozo, pgs. 7-8, lines 14-10.

G. What is the appropriate charge for AMI Opt-out?

The initial one-time meter setup fee of $150 should be lowered to $141 to better reflect actual costs. The monthly non-standard meter read charge of $45 should remain the same. See Direct Testimony of Coty King, pg. 2.

29. Other tariff cleanup

A. Should the "Economic Development Rider," tariff at sheets 120-123, and the Real-Time Pricing program at sheet 73, be removed?

Yes. See Sarah Lange CCoS Direct Testimony, pg. 38.

B. Should the Commission order the following updates:

i. Update Missouri Energy Efficiency Investment Act (MEEIA) margin rates.

Yes. See Sarah Lange CCoS Direct Testimony, pg. 38.

ii. Update Standby Service Rider rates consistent with changes made to underlying rate schedules.

Yes. See Sarah Lange CCoS Direct Testimony, pg. 38.

iii. Update Community Solar distribution service rates.

Yes. See Sarah Lange CCoS Direct Testimony, pg. 38.

iv. Update EV-related rates (CCN, BEVCS, and ETS) to coincide with the overall ordered percentage increase or based on increase ordered for the associated class.

Yes. See Sarah Lange CCoS Direct Testimony, pg. 38.

v. Update lighting rates and other miscellaneous rate schedules to coincide with the overall ordered percentage increase.

Yes. See Sarah Lange CCoS Direct testimony, pg. 2.

30. Other Tariff Changes

A. Should the Commission order EMW's requested changes to the following items for the compliance tariff filings in this case?

i. Service Agreements Discontinuance of Service?

ii. Supplying and Taking Service?

iii. Installations?

iv. **Metering – Multiple metering terms?**
v. **Meter Reading, Billing, Complaint Procedures?**
vi. **Electric Power and Energy Curtailment Plan naming and rule reference?**
vii. **Extension of Electric Facilities?**

Staff does not have a position on this issue at this time, but reserves the right to modify or take additional positions as the case proceeds.

31. Future Margin Rate Direct Testimony

A. Should EMW be ordered to file in its direct testimony in future rate case its proposed MEEIA margin rates?

Yes. Evergy Missouri West ("EMW") did not provide a Net Marginal Rate ("NMR") analysis to support the proposed rates in direct testimony in this case. EMW does not intend to conduct this analysis prior to a Commission order in this case. NMR directly affects the rates charged to ratepayers through the DSIM. EMW's approach does not allow for an appropriate level of review or scrutiny. Furthermore, the widespread participation in time-based rates increases the complexity of any NMR analysis. To date, Evergy Missouri West has not provided analysis, nor testimony, in this case addressing how to account for the relationship between the time-based rates and the NMR. Staff recommends that if EMW's NTD mechanism continues, that the Commission order EMW to provide all NMR analysis within direct testimony in future general rates cases. See Direct Testimony of Hari Poudel, pg. 6, lines 13-15.

32. Right of Way

A. Should EMW prioritize using highway right of ways vs acquiring adjacent private property for new/existing system upgrades/expansions?

Historically, utilities have intentionally utilized the highway ROW in routing its transmission facilities, which resulted in limiting the acquisition of additional private property in its installation of such facilities. Utilities would only acquire additional private property if there are specific identifiable needs. EMW's stated policy revision contradicts its historical standard practices, and the testimony of Evergy witness Darrin Ives. Therefore, Staff recommends EMW provide Staff with a revised Transmission Engineering Policy Road Right-of-Way policy that is consistent with Mr. Ives's testimony. See Surrebuttal Testimony of Alan Bax, pgs. 1-3.

33. Property Tax

A. What is the appropriate level of Missouri property tax to be included in rates?

Staff recommends an annualized level of property taxes of $50,114,183. See Karen Lyons Surrebuttal/True-Up Direct Testimony, page 2, line 20.

B. What base level of property taxes should the Commission approve for Evergy to track property tax?

Staff recommends a base level of $50,114,183. This base level will be used to track deferred property taxes beginning with the effective date of rates in this case. See Karen Lyons Surrebuttal/True-Up Direct Testimony, page 9, line 12.

C. What amount of property tax deferrals should be included in EMW's revenue requirement or rate base amortization used to set customer rates in this case?

Staff's recommends an unamortized balance as of the true up period, June 30, 2024, of $(562,196) and an annual amortization expense based on the four-year period of $(140,549). See Karen Lyons Surrebuttal/True-Up Direct Testimony, page 9, line 16-18.

D. Should budgeted property taxes be included in the deferred property taxes associated with the property tax tracker?

No. Trackers are intended to track actual costs incurred by a utility. Any over recovery or under recovery of the item in rates compared to the actual expenditures made by the utility is then recorded in a regulatory asset or regulatory liability account and would be eligible to be included in the utility's rates set in its next general rate proceeding through an amortization to expense. See Karen Lyons True-Up Rebuttal Testimony, page 2, line 8-18.

34. Wholesale Transmission Revenue Credit

A. Should the Commission accept EMW's revenue reduction to adjust utility transmission revenues in its cost of service to reflect Commission-authorized v. FERC-authorized ROEs?

No. Staff recommends that EMW treat transmission expense and revenue consistently by reflecting all of EMW's revenue and expense, including the impact of Federal Energy Regulatory Commission ("FERC") ROE incentives, in its cost of service. Staff has consistently disagreed with the adjustment since the 2016 rate case; this is a solution looking for a problem. See Keith Majors Surrebuttal Testimony, page 37.

35. Transource Missouri Incentives Adjustment

A. Should the adjustments to transmission expense for Transource incentives, as proposed by EMW be adopted, or the transmission expense adjustments as calculated by Staff?

The transmission expense adjustments as calculated by Staff should be adopted. See Keith Majors Direct Testimony, Page 20.

36. **Storm Reserve**

   A. **Should the Commission establish a storm reserve for EMW?**

No. See Karen Lyons Rebuttal Testimony, pages 12-16, and Karen Lyons Surrebuttal/True-Up Direct Testimony, pages 10-14.

37. **Injuries and Damages**

   A. **Should the Commission establish an injuries and damages reserve for EMW?**

No. See Karen Lyons Rebuttal Testimony, pages 16-19, and Karen Lyons Surrebuttal/True Up Direct Testimony pages 14-16.

38. **Critical Infrastructure Program ("CIP) and Cyber Security Tracker**

   A. **What level of CIP/cyber-security expense should the Commission recognize in EMW's revenue requirement?**

Staff recommends a level of CIP/Cyber security expense based on historical CIP/Cyber security expense incurred during the 12 months ending June 30, 2023, the test year period in this case. The annual amount of CIP and Cyber Security expense is $1,283,620. See Karen Lyons Rebuttal Testimony, page 11, line 3.

   B. **Should a tracker be implemented for EMW's CIP/cyber-security expense that varies from the level of CIP/cyber-security expense the Commission recognizes in EMW's revenue requirement?**

No. Trackers are used in rare circumstances when costs are difficult to identify an appropriate level of costs to include in rates. The use of a tracker does not account for any changes in investment, expense, or revenue that could offset the expense being tracked. EMW's CIP/Cyber security expense is a normal recurring operating expense incurred by EMW that can be annualized using ratemaking principles. Therefore, a tracker for CIP/Cyber security expense should not be implemented. See Karen Lyons Rebuttal Testimony, pages 9-12, and Karen Lyons Surrebuttal/True-Up Direct Testimony, pages 16-17.

39. **Schedule SIL**

   A. **What is the appropriate reduction, if any, to revenue requirement based upon the Schedule SIL hold-harmless requirement?**

      i. **Should the actual purchased power costs incurred to serve customers on Schedule SIL be utilized to determine the appropriate revenue shortfall?**

Staff objects to the use of the normalized load cost in place of the actual purchased power cost. Staff believes that EMW should use actual purchased power costs incurred to serve NUCOR because of the variability of its operations. Furthermore, EMW has not provided any support for the normalized load cost. See Justin Tevie Surrebuttal/True-up Testimony, page 2, lines 5-10.

ii. What is the correct amount of under recovery to be calculated?

Staff determined the new under-recovery amount to be approximately ** [redacted] **. See Justin Tevie Surrebuttal/True-up page 5, line 7.

iii. Is the under-recovery adjustment necessary?

Yes. The Special Rate, Provisions, and Terms section of Schedule SIL states that "Non-participating customers shall be held harmless from any deficit in revenues provided by any customer served under this tariff." It further states that:

> *The Company will make provisions to uniquely identify the costs and revenues for each respective Special Incremental Load Rate Contract within its books and records. This information will be available to support periodic reporting as ordered by the Commission. At the time of a general rate proceeding the portion of the Company's revenue requirement associated with the incremental costs net of PPA net revenues to serve the Customer shall be assigned to the Customer. The Customer's rate revenues shall be reflected in Company's net revenue requirement. If the Customer's rate revenues do not exceed the incremental cost to serve the Customer as reflected in the revenue requirement calculation, the Company shall make an additional revenue adjustment covering the shortfall to the revenue requirement calculation through the true-up period, to ensure that non-Schedule SIL customers will be held harmless from such effects from the service under Schedule SIL. In no event shall any revenue deficiency (that is, a greater amount of the Customer's incremental costs compared to the Customer's revenues) be reflected in the Company's cost of service in each general rate proceeding for the duration of service to the Customer(s) during the terms of the contract between Company and Customer served under this tariff.*

See Justin Tevie Direct Testimony, page 5, lines 1-23.

iv. Should capacity costs be included in the cost of servicing the NUCOR contract?

Yes. EMW must provide an explanation, with supporting documentation for its SPP capacity accreditation, for its removal of capacity cost from the Schedule 1. See Justin Tevie Surrebuttal/True-up page 2, lines 5-10.

v. Should actual real-time market prices (for Cimarron Bend III wind farm) be utilized to determine the revenue shortfall?

Yes. Staff could not verify the settlement prices used by EMW to derive those revenues from the Cimarron Bend III wind farm. See Justin Tevie True-up Rebuttal Testimony, page 2, lines 1-2.

Article 7 of the power purchase agreement ("Agreement") between Cimarron Bend Wind Project III, LLC and Evergy, Inc. stipulates that:

> **[redacted]*

See Justin Tevie Rebuttal Testimony, page 2, lines 5-10.

40. Customer Complaint Reporting Requirements

A. Is EMW fully in compliance with Commission Rule 20 CSR 4240-13.040?

Staff's position is that EMW is compliant with Commission rule 20 CSR 4240-13.040 concerning complaint reporting requirements. See Scott Glasgow Rebuttal Testimony, pg. 9.

B. What, if any, changes should the Commission order EMW to make regarding its retention of customer complaint information?

Staff has no position, given that Staff is of the opinion that EMW is already retaining what is required.

41. Income Eligible Program Evaluation

A. Should the Commission order EMW to evaluate their critical medical needs program and file the results of that evaluation in its next rate case?

i. Should the Commission order this study to be done in conjunction with other participating utilities?

Staff does not have a position on this issue at this time, but reserves the right to modify or take additional positions as the case proceeds.

42. Prospective consolidation of Evergy service territories

A. Should the Commission order EMW to file, in a new docket, its position on consolidation in detail to include, without limitation, estimated time-frame, specific deliverables, and meaningful actions that would need to occur to consolidate its Missouri affiliates?

B. Should the Commission order EMW to provide periodic on-the-record presentations with status reports on the progress of consolidation and penalties for non-compliance?

Staff does not have a position on this issue at this time, but reserves the right to modify or take additional positions as the case proceeds.

WHEREFORE, the Staff respectfully submits its statement of positions for the Commission's knowledge and consideration.

Respectfully Submitted,

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ATTORNEY FOR THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that copies of the forgoing have been mailed, emailed, or hand-delivered to all counsel and/or parties of record this 23rd day of September 2024.

/s/ Travis J. Pringle