

Exhibit No. 216

Staff – Exhibit 216
Antonija Nieto
Direct
File No. ER-2024-0189

Exhibit No.:
Issue(s): *Bad Debt Expense,
Forfeited Discounts,
Depreciation Clearing,
Plant in Service and
Accumulated
Depreciation Reserve,
IT Software
Maintenance, Pensions
and OPEBs, SERP,
Severance Costs,
Transmission Revenue
and Expense and Z2
Amortization, SPP
Administrative*

Witness: *Antonija Nieto*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
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MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

ANTONIJA NIETO

**EVERGY MISSOURI WEST, INC.
d/b/a Evergy Missouri West**

CASE NO. ER-2024-0189

*Jefferson City, Missouri
June, 2024*

TABLE OF CONTENTS OF

DIRECT TESTIMONY OF

ANTONIJA NIETO

EVERGY MISSOURI WEST, INC.

d/b/a Evergy Missouri West

CASE NO. ER-2024-0189

1 EXECUTIVE SUMMARY1

2

3

4

5

6

7

8 BAD DEBT EXPENSE.....2

9 FORFEITED DISCOUNTS3

10 DEPRECIATION CLEARING4

11 PLANT IN SERVICE AND ACCUMULATED DEPRECIATION RESERVE4

12 IT SOFTWARE MAINTENANCE.....6

13 PENSIONS...6

14 OTHER POST-EMPLOYMENT BENEFITS9

15 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN.....10

16 SEVERANCE COSTS11

17 TRANSMISSION EXPENSE12

18 TRANSMISSION REVENUE15

19 SPP ADMINISTRATIVE FEES17

1 Q. Through this testimony, do you provide any recommendations for rate base or
2 expense levels to be reflected in the revenue requirement ordered in this case?

3 A. Yes. I provide a recommendation for a rate base item and I also provide
4 recommendations on several expense items. Please see the below testimony for a more detailed
5 explanation of adjustments made.

6 **BAD DEBT EXPENSE**

7 Q. What is bad debt expense?

8 A. Bad debt expense is the portion of retail revenues EMW is unable to collect from
9 retail customers due to bill non-payment. After a certain amount of time has passed, delinquent
10 customer accounts are written off and turned over to a third-party collection agency for
11 recovery. If the collection agency successfully collects some portion of previously written off
12 delinquent amounts owed, then those collected amounts reduce current write-offs. Offsetting
13 successful collection agency recoveries against total write-offs creates the “net write-off”
14 amount used to determine the annualized level of bad debt expense.

15 Q. How did you calculate an annualized level of bad debt expense for EMW?

16 A. Staff calculated the annualized bad debt expense by examining the ratio between
17 billed revenues, net of gross receipt taxes, for the twelve-month period ending June 30, 2023,
18 and the actual 12-month history of billed revenues that were never collected (net write-offs) for
19 the twelve months ending December 31, 2023. From this information a bad debt ratio was
20 derived, which was then applied to Staff’s adjusted weather normalized level of retail revenues
21 to obtain the annualized level of bad debt expense.

22 The six-month lag between the net retail sales and actual net write-off calculations used
23 by Staff to derive a net write-off percentage is consistent with how bad debt write-offs are

1 | accounted by EMW. It takes approximately six months for a customer's unpaid bill to be
2 | written off after the customer receives service. Staff's adjustment for bad debt expense adjusts
3 | the test year results to reflect a level of bad debt expense that is consistent with Staff's
4 | annualized level of retail revenue.

5 | Q. Will Staff examine bad debts in the true-up?

6 | A. Yes. The method Staff and EMW use to normalize bad debts is unique in that
7 | the most recent experience of EMW is taken into account as opposed to a historical average.
8 | As time passes, recorded expenses move further away from the major impacts of the
9 | COVID-19 pandemic. Bad debt expense was uniquely impacted by the pandemic and was a
10 | part of the deferred expenses in the Accounting Authority Order ("AAO") in Case No.
11 | EU-2020-0350. Staff witness Karen Lyons addresses the deferred expenses associated with
12 | this AAO case.

13 | **FORFEITED DISCOUNTS**

14 | Q. What are forfeited discounts?

15 | A. Forfeited discounts are commonly referred to as late payment fees. EMW
16 | charges a late payment fee to customers who fail to pay bills in a timely manner. Staff
17 | annualized late payment fee revenues based on an annualized ratio of late payment fees to
18 | revenues from February 1, 2023, to December 31, 2023, because the data from this time period
19 | represents the most recent and most relevant information. Staff applied this ratio to the
20 | annualized weather normalized revenue, resulting in an annualized level of late payment fees.

21 | Q. Why is Staff using an annualized ratio of late payment fees?

22 | A. During the COVID pandemic, EMW paused assessing late payment fees for its
23 | tariff revenue customers. EMW resumed assessing late fees according to the tariffs starting in

1 January of 2023. Accordingly, EMW resumed collecting the actual late payment revenues
2 starting in February 2023.

3 Q. Will Staff examine late payment fee revenue in the true-up?

4 A. Yes. Similar to bad debts, late payment fees were impacted by the pandemic.
5 The most current data and EMW policies concerning late payment charges should be examined
6 in developing the revenue requirement to lessen the impact of the pandemic and ensure a normal
7 level of late payment fees are included.

8 **DEPRECIATION CLEARING**

9 Q. What are depreciation clearings?

10 A. During the test year, EMW depreciated transportation equipment and charged
11 the cost to a clearing account. At the end of the accounting period, the cost held in the clearing
12 account is distributed among multiple Federal Energy Regulatory Commission
13 (“FERC”) accounts.

14 In its revenue requirement calculation, Staff included 100% of its annualized
15 depreciation expense by adjusting Account 403 (Depreciation Expense), so depreciation costs
16 booked to other FERC accounts in the test year need to be removed in order to avoid double
17 recovery. Staff accordingly removed the depreciation clearings from the test year.

18 **PLANT IN SERVICE AND ACCUMULATED DEPRECIATION RESERVE**

19 Q. Did Staff include Plant in Service (“Plant”) and Accumulated Depreciation
20 Reserve (“Reserve”) in its revenue requirement for EMW?

1 A. Yes. Staff included Plant and Reserve balances as of the update period, 12
2 months ending December 31, 2023. Staff intends to include changes to Plant and Reserve
3 balances through June 30, 2024, in its true-up accounting schedules.

4 Q. Did Staff make any adjustments to the book balances of plant and reserve?

5 A. Yes, Staff made several adjustments to plant and reserve in order to reverse
6 FERC compliance audit entry recorded on books in 1984, per the Commission's Order in Case
7 No. ER-83-40. Staff additionally made an adjustment to transfer Jeffrey Energy Center
8 Generator Step Up ("GSU") Transformer from account 353 to account 315. Lastly, Staff
9 reduced the transmission and distribution rate base to reflect the Stipulation and Agreement in
10 Case No. ER-2012-0175.

11 Q. Did Staff adjust the December 31, 2023, book amount for Reserve?

12 A. Yes. It is necessary for EMW and Staff to make adjustments to the Reserve
13 balances to account for retirement work in progress ("RWIP").

14 Q. What is RWIP?

15 A. RWIP is ongoing Plant retirement costs that have not yet been classified for
16 certain components of depreciation, namely the components for cost of removal and salvage.
17 EMW has removed the cost of certain retired Plant assets and the related Reserve from its book
18 balances as of the retirement dates. However, as of December 31, 2023, book Reserve balances
19 still reflect amounts associated with cost of removal and salvage accruals associated with Plant
20 that is no longer in-service because while the actual plant is retired and removed from Plant and
21 Reserve, the process of physically completing the retirement is ongoing as of December 31,
22 2023. As a result, EMW's books overstate the Reserve for this retired plant that is no longer

1 serving the public. Staff included line item adjustments in its Accounting Schedules for RWIP
2 associated with Production, Transmission, Distribution, and General Plant.

3 **IT SOFTWARE MAINTENANCE**

4 Q. Describe EMW's information technology ("IT") software maintenance costs.

5 A. EMW incurs costs associated with contracts to maintain its IT hardware and
6 software that include, but are not limited to, Microsoft, PowerPlan, and Oracle. EMW prepays
7 the software maintenance vendors and amortizes the balance of the costs over the life of the
8 contract.

9 Q. How did Staff review EMW's IT software maintenance costs?

10 A. Staff reviewed EMW's prepaid IT software maintenance through December 31,
11 2023, the update period in this case. Staff obtained total monthly IT maintenance costs recorded
12 in EMW's general ledger through December 31, 2023. The total amount was compared to the
13 test year IT maintenance expense and an adjustment was made to reflect the appropriate amount
14 of IT Maintenance cost going forward for EMW. Staff's adjustment is identified on
15 Schedule 10 of Staff's Accounting Schedules.

16 **PENSIONS**

17 Q. What are pensions?

18 A. Pensions are a form of employee retirement plan that offer payments to
19 employees upon meeting the plan criteria for retirement. Pensions are largely funded by the
20 employer with little or no employee contribution required. Pension retirement plans were
21 historically offered by companies to their employees as part of an overall employee benefit
22 package to attract and retain employees. Over the last several years traditional pension plans

1 have been largely replaced by 401-k plans that are funded in various proportions by the
2 employee and by companies.

3 Q. What pension plans does EMW offer?

4 A. EMW has a joint trustee union plan and a separate non-union plan. EMW's
5 joint trustee union plan is still open to new-hire union employees, but the non-union plan is
6 closed to new employees. Although the non-union plan is no longer offered to new employees,
7 the costs for those plans and funding requirements for the existing employees covered under
8 those plans remain in rates.

9 Q. Have EMW's pension costs historically been tracked?

10 A. Yes, historically EMW has agreed to a tracking mechanism for pension costs to
11 make the utility whole for pension costs incurred and to account for any over/under recovery
12 of pension costs in regards to ratepayers.

13 Q. What has been the historical amortization period of any prepaid pension asset or
14 liability that results from the tracking mechanism?

15 A. It has consistently been a five-year amortization recovery period.

16 Q. What are the Generally Accepted Accounting Principles ("GAAP") that relate
17 to pension and other post-employment benefits ("OPEB") costs?

18 A. The GAAP guidance related to pension and OPEB costs are in Accounting
19 Standards Codification ("ASC"), number 715—Compensation—Retirement Benefits.

20 Q. What standards were used prior to ASC 715?

21 A. Prior to ASC 715, GAAP for pension and OPEB costs were included in what is
22 known as Statement of Financial Accounting Standards ("FAS"), numbers 87, 88, 106, 112,
23 132(R) and 158.

1 Q. Does this testimony and Staff's work product use the current ASC 715 language
2 or the original FAS references?

3 A. In order to be clear and consistent with past rate case testimony, Staff uses the
4 original FAS designations.

5 Q. What is FAS 87?

6 A. FAS 87 is the accrual accounting method for calculating pension cost for
7 financial reporting purposes.

8 Q. What is FAS 88?

9 A. FAS 88 is the accounting treatment for certain costs that result from settlements
10 and curtailments of defined benefit plans. FAS 88 requires immediate recognition of the
11 settlements and curtailments if they trigger a qualifying event. A qualifying event is met when
12 the dollar amount of settlements and curtailments meet reporting thresholds. They are
13 calculated and determined by EMW's actuary.

14 Q. Did Staff include regulatory balance and amortization for the FAS 87
15 pension expense?

16 A. Yes, Staff included FAS 87 regulatory liability balance as of December 31,
17 2023, in rate base consistent with terms agreed upon in the Non-Unanimous Stipulation and
18 Agreement in Case No. ER-2022-0130 ("2022 Agreement"). Staff also included a 5-year
19 amortization amount of FAS 87 expense based on the 2022 Rate Case stipulated balances. Staff
20 will update FAS 87 balance and amortization expense during the true-up phase of this case.

21 Q. What did Staff include for the balance of the FAS 88 regulatory asset and
22 pension tracker in Staff's Direct Accounting Schedules?

1 A. Staff reviewed five vintages included in FAS 88; vintage 2017, 2019, 2020,
2 2021, and vintage 2022. In accordance with terms established in the 2022 Agreement, a
3 five-year amortization was used to establish the expense. Additionally, FAS 88 balance is not
4 included in rate base based on the terms of the 2022 Agreement. Staff will update these balances
5 to actuals during the true-up phase of this case.

6 **OTHER POST-EMPLOYMENT BENEFITS**

7 Q. What are other post-employment benefits?

8 A. OPEBs are costs that EMW incurs to provide certain retirement benefits to
9 retirees. The primary benefit is medical insurance; but life, dental and vision insurance benefits
10 may also be included.

11 Q. How are OPEB expenses accounted for by EMW?

12 A. FAS 106 is the Financial Accounting Standards Board (“FASB”) approved
13 accrual accounting method used for financial statement recognition of annual OPEB costs and
14 is also Staff’s recommended basis of rate recovery for this item. The GAAP accounting of the
15 cost of OPEBs under FAS 106 is not based on the actual dollars the Company pays for OPEBs
16 to retirees currently, but is accrual-based in that it attempts to recognize the future financial
17 obligations in the current periods in which the obligations are earned. These non-cash
18 transactions and events are primarily an estimate of current benefits earned by employees before
19 retirement, but will not be paid until after retirement. This estimate also includes the interest
20 cost arising from the passage of time until those benefits are paid.

21 Q. What did Staff include for the balance of the regulatory liability and OPEB
22 tracker in Staff’s Direct Accounting Schedules?

1 A. Staff has included an annualized FAS 106 expense as of December 31, 2023,
2 and a five-year amortization of the FAS 106 regulatory liability in accordance with terms agreed
3 upon in the 2022 Agreement. Additionally, Staff has included, based on the terms established
4 in 2022 Rate Case, a FAS 106 regulatory liability into rate base. Staff will update these balances
5 to actuals during the true-up phase of this case.

6 **SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

7 Q. What is a supplemental executive retirement plan (“SERP”)?

8 A. SERP is a non-qualified retirement plan for executive officers and other
9 highly-compensated former employees that provides additional pension benefits that these
10 individuals would have received under other company retirement plans, but for compensation
11 and benefit limits imposed by the Internal Revenue Service (“IRS”). Non-qualified means the
12 benefits exceed the limits imposed by the IRS. These supplemental pension benefits paid to
13 retired former executive officers and other highly-compensated individuals are in addition to
14 the cost of pension benefits EMW pays under their FAS 87 pension plan.

15 Q. Are SERP benefits externally funded to a trust?

16 A. Unlike Pension and OPEB benefits, SERP benefits are not externally funded to
17 a trust by EMW and the amounts Staff included in its cost of service are based on actual cash
18 SERP payouts to covered employees.

19 Q. Are SERP payments monthly annuities or lump-sum payouts?

20 A. SERP payments consist of either monthly annuity payments or lump-sum
21 distributions. Lump-sum payments can be significant and the timing of them is difficult to

1 predict. Therefore, Staff converted the lump-sum payouts using a conversion factor of 14.3¹ to
2 approximate equivalent annuity payments as if the lump-sum payout was not elected by the
3 employee. This allows for a normalized level of converted lump-sum payments.

4 Q. What is your recommendation for the amount of SERP expense to include in
5 Staff's Accounting Schedules?

6 A. Staff reviewed actual SERP payouts under the current plan from 2020, 2021,
7 2022, and 2023 for the legacy Great Plains Energy ("GPE"), now known as Evergy, Inc., SERP
8 plan. Staff used a four-year average of monthly annuity payments and added the converted
9 lump-sum payments based on the 14.3 ratio discussed above. Staff also included the costs of
10 the legacy Aquila plan impacting the EMW revenue requirement. Staff included last known
11 SERP payments under the legacy Aquila plan reduced for non-regulated operations and further
12 reduced by legacy Aquila allocation factors. Staff included the compilation of SERP payments
13 in Staff's Accounting Schedule as the amount of SERP expense that Staff recommends be
14 included in rates.

15 Q. Are SERP payments capitalized?

16 A. They are. Therefore, Staff reduced its recommended amount of SERP
17 proportionate with the Operations and Maintenance ("O&M") rate used for payroll.

18 **SEVERANCE COSTS**

19 Q. What are severance costs?

20 A. Severance costs refer to expenses associated with terminating or laying off
21 employees. These costs can arise due to various reasons, to include restructuring, downsizing,

¹ The 14.3 conversion factor obtained from GPE's actuary in Kansas City Power & Light, now known as Evergy Missouri Metro, Rate Case ER-2014-0370.

1 mergers, or changes in business operations. Severance agreements typically include
2 commitments from the former employee to not pursue litigation against the company and
3 its officers.

4 Q. What is Staff's general approach to severance costs?

5 A. Severance payments are non-recurring in regards to the specific employee. The
6 purpose of incurring severance costs is often to achieve long-term efficiency gains through
7 reduced labor costs, improved operational efficiency, etc. EMW initially incurs the financial
8 burden of severance costs without immediate rate relief. Because of the unique nature of cost
9 of service ratemaking, utilities are able to recover severance payments through regulatory lag.
10 Between the time the employee is terminated and rates are changed in the next rate case, EMW
11 collects both the salary and wages of the terminated employee and benefit costs. These amounts
12 can accumulate to more than the severance paid. In summary, while regulatory lag initially
13 prevents immediate recovery of severance costs, at the same time, it offsets these costs over the
14 time past between when severance occurred and when new rates take effect.

15 **TRANSMISSION EXPENSE**

16 Q. Please provide an overview of EMW's membership with the Southwest Power
17 Pool ("SPP").

18 A. EMW is a member of SPP. In 2004, SPP became a Regional Transmission
19 Organization ("RTO") responsible for ensuring reliable supplies of power, adequate
20 transmission infrastructure, and competitive wholesale electricity prices.² Prior to 2009, EMW
21 had full functional control over its transmission system that served its retail customers within

² Market Protocols for SPP Integrated Marketplace, p. 62, May 18, 2022.

1 its service territory. In Case No. EO-2009-0179, EMW filed an application with the
2 Commission to transfer functional control of its transmission facilities to SPP. The parties to
3 this case entered into a Stipulation and Agreement on January 27, 2009, and the Commission
4 approved the Stipulation and Agreement by Order effective on February 10, 2009. The transfer
5 of functional control of EMW's transmission system to SPP was finalized upon the approval
6 by FERC on April 15, 2009.

7 Q. Please explain the types of charges that EMW receives from SPP.

8 A. As a transmission customer of SPP, the most significant charges EMW incurs
9 from SPP are for point-to-point, base plan zonal and region-wide transmission costs
10 that are booked to FERC Account 565. Point-to-point transmission costs are billed
11 based on Schedule 7 and Schedule 8 of SPP's Open Access Transmission Tariff ("OATT").
12 Base-plan-zonal charges and region-wide charges are billed based on Schedule 11 of the OATT.
13 Base-plan-zonal and region-wide costs are a result of transmission upgrades in the SPP region.
14 The transmission upgrades are directed by SPP's Transmission Expansion Plan in place to
15 ensure the reliability of the transmission system for SPP's members.³ The costs of base-plan
16 and region-wide projects are allocated to the SPP region based on the voltage of the project.
17 The allocation methodology is shown in the following table:

18

SPP Base Plan Highway-Byway Allocation Method		
Voltage	Regional (SPP Region)	Zonal (EMW local zone)
300 kV and Above	100%	0%
100-300kV	33%	67%
Below 100kV	0%	100%

19

³ SPP OATT

1 The costs allocated to the SPP region are then allocated to SPP transmission owners
2 based on a load ratio share determination. The load ratio share is developed using the
3 transmission owners' network load divided by the SPP total load.

4 Q. What did Staff analyze to determine an appropriate level of transmission
5 expense for EMW?

6 A. Staff analyzed EMW's actual transmission expenses for the period of 2014
7 through 2023. The following chart reflects EMW's⁴ historical transmission expenses for the
8 period of 2014-2023:

9

Historical Transmission Expense	
Year	EMW
2014	** [REDACTED] **
2015	** [REDACTED] **
2016	** [REDACTED] **
2017	** [REDACTED] **
2018	** [REDACTED] **
2019	** [REDACTED] **
2020	** [REDACTED] **
2021	** [REDACTED] **
2022	** [REDACTED] **
2023	** [REDACTED] **

10
11 Q. Are there other SPP charges addressed by Staff?

12 A. Yes, Staff included the annual amortization of SPP Z2 credits.
13 In Case No. ER-2018-0146, a nine-year amortization was established for these credits.

⁴ EMW's transmission excludes Crossroads transmission expense.

1 Q. Other than SPP transmission charges, does EMW incur additional
2 transmission charges?

3 A. Yes. In addition to being charged by SPP for transmission expense, EMW is
4 also charged by the Midcontinent Independent System Operator (“MISO”) for Crossroads
5 transmission expense. Staff Witness Keith Majors addresses Crossroads transmission expense
6 in his direct testimony.

7 Q. Please explain Staff’s adjustment for transmission expense incurred from SPP.

8 A. In addition to the annual amortization for the SPP Z2 credits previously
9 discussed, Staff included an annualized level of transmission expense based on the 12-month
10 period ending December 31, 2023 for EMW.

11 **TRANSMISSION REVENUE**

12 Q. Please explain the transmission revenue.

13 A. EMW receives revenues from SPP according to the following SPP tariff
14 schedules:

- 15 • Schedule 1: System Control and Dispatch Service
- 16 • Schedule 2: Revenues related to reactive supply for generators connected to the
17 transmission system
- 18 • Schedule 7: Revenues related to firm point-to-point transmission
- 19 • Schedule 8: Revenues related to non-firm point-to-point transmission
- 20 • Schedule 9: Revenue related to network integrated transmission
- 21 • Schedule 11: Revenues related to the base plan transmission upgrades
- 22 • Other miscellaneous transmission revenue

1 Although EMW receives revenues from SPP based on all the schedules listed above, a
2 significant percentage of the transmission revenues received from SPP are from network
3 integrated transmission, firm point-to-point transmission, and base plan transmission activities.

4 Q. Please explain what Staff reviewed to determine an appropriate level of
5 transmission revenue to include in Staff’s recommended revenue requirements for EMW.

6 A. Staff reviewed the SPP tariff and analyzed EMW’s historical transmission
7 revenue for the period of 2014 through 2023. The following chart reflects EMW’s actual
8 transmission revenues for this period.

9

Historical Transmission Revenue		
Year	EMW Transmission Revenue	
2014	**	**
2015	**	**
2016	**	**
2017	**	**
2018	**	**
2019	**	**
2020	**	**
2021	**	**
2022	**	**
2023	**	**

10
11 Staff asked EMW about the driver of the notable decline in transmission revenues
12 during calendar year 2023. According to EMW’s response to Staff Data Request 181.1:

13 Evergy Missouri West formerly KCP&L Greater Missouri
14 Operations (GMO) was issued SPP Notice to Construct (NTC) 200188
15 and later modified with SPP NTC 200189 (attached as Schedule AN-d2).
16 The 30-mile “Iatan-Nashua” line between Iatan and Nashua, Mo., (north
17 of Kansas City) with estimated cost of \$54 million was one of the
18 Balanced Portfolio projects and Evergy Missouri West was issued the
19 Notice to Construct (NTC).

1 EMW's response to Staff Data Request 181.1 additionally states that:

2 All balanced portfolio projects were given a 10 year payback period
3 which ended in October 2022. The Schedule 9 NITS revenue went down
4 starting in November 2022.

5 Q. What level of transmission revenue does Staff recommend for EMW?

6 A. Staff recommends an annualized level of transmission revenue based on
7 the 12-months ending December 31, 2023, for EMW. Staff's adjustment is reflected in Staff
8 Accounting Schedule 10.

9 **SPP ADMINISTRATIVE FEES**

10 Q. Please explain the SPP administrative fees.

11 A. The SPP provides transmission services through its FERC approved OATT.
12 SPP's costs must be recovered from its users (transmission customers, which, in this case, are
13 utility companies such as EMW, and many others). Consequently, EMW pays SPP an
14 administration charge for performing transmission functions on its behalf.

15 Q. Please explain the rate SPP uses that enables it to recover 100% of its total
16 administrative costs.

17 A. Prior to January 2021, members of SPP paid administrative fees based on one
18 Megawatts per hour ("MWh") rate. In EMW's last rate case, that rate was \$0.429 per MWh.

19 Q. Explain how the SPP administrative rate changed in January 2021.

20 A. SPP administrative fees are now based on four categories and four applicable
21 rates. Descriptions of the four categories are as follows:⁵

⁵ SPP Open Access Transmission Tariff.

1 **Schedule 1-A1: Transmission Administration Service:**

2 Transmission administrative service is provided by the Transmission Provider to all
3 Transmission Customers under the SPP Tariff and includes the provision of: (1) reliability
4 coordination; (2) transmission scheduling; (3) system control; and (4) transmission planning
5 services.

6 **Schedule 1-A2: Transmission Congestion Rights Administration Service:**

7 Transmission Congestion Rights (“TCR”) administration service is provided by the
8 Transmission Provider to all Market Participants that hold TCRs issued and settled by the
9 Transmission Provider (“TCR Holder”). This service includes the provision of: (1) TCR
10 administration through allocation, assignment, auction or any other process under this Tariff;
11 (2) simultaneous feasibility tests and other applicable studies to determine the total TCRs that
12 can be accommodated by the Transmission System; (3) TCR tools; and (4) a secondary market
13 for TCRs.

14 **Schedule 1-A3: Integrated Marketplace Clearing Administration Service:**

15 Integrated Marketplace clearing administration service is provided by the Transmission
16 Provider to all Market Participants that participate in transactions pursuant to Integrated
17 Marketplace or an applicable Market Participant Service Agreement. This service includes the
18 provision of: (1) market settlements; (2) credit evaluation and risk mitigation services;
19 (3) market monitoring functions; (4) information technology support; and (5) customer service.

20 **Schedule 1-A4: Integrated Marketplace Facilitation Administration Service:**

21 Integrated Marketplace facilitation administration service is provided by the
22 Transmission Provider to all Market Participants that participate in transactions, except for
23 cleared Virtual Energy Bids and cleared Virtual Energy Offers, pursuant to Integrated

1 Marketplace or an applicable Market Participant Service Agreement. This service includes the
2 provision and operation of the: (1) Day-Ahead Market; (2) Real-Time Balancing Market;
3 and (3) Reliability Unit Commitment processes.

4 Q. How did Staff calculate an annualized level of SPP administrative fees
5 for EMW?

6 A. Staff calculated an annualized level of SPP administrative fees by applying
7 the SPP approved rates to the billing determinants defined in SPP's OATT.

8 Q. Does this conclude your direct testimony?

9 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Missouri West, Inc.)
d/b/a Evergy Missouri West's Request for)
Authority to Implement A General Rate)
Increase for Electric Service)

Case No. ER-2024-0189

AFFIDAVIT OF ANTONIJA NIETO

STATE OF MISSOURI)

COUNTY OF Jackson)

ss.

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

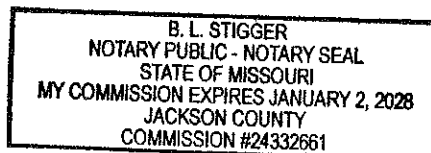
Further the Affiant sayeth not.

Antonija Nieto
ANTONIJA NIETO

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 17th day of June 2024.

B. L. Stigger
Notary Public



Antonija Nieto

Educational and Employment Background and Credentials

I am currently employed as a Lead Senior Utility Regulatory Auditor for the Missouri Public Service Commission (“Commission”). Previously I was employed by Lauterbach, Borschow and Company, P. C. in El Paso, TX as an auditor specializing in financial institutions audits from January 2008 to November 2009. I earned a Bachelor of Accounting from New Mexico State University in December 2006 and a Master of Accounting with minor in Management, also from New Mexico State University in December 2007. I have been employed by the Commission since October 2016.

As a Lead Senior Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings for consideration by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases in which I have participated and the scope of my contributions are listed below:

Case/Tracking Number	Company Name- Type of Case; Issues
ER-2024-0189	Evergy Missouri West Bad Debt Expense and Tracker, Depreciation Clearing, Depreciation Expense, Forfeited Discounts, IT Software Maintenance, Pensions and OPEBs, SERP, Plant in Service and Accumulated Depreciation, Severance Costs, Transmission Revenue and Expense and Z2 Amortization, SPP Admin Fees
SA-2024-0129	Confluence Rivers Certificate of Convenience and Necessity
GA-2024-0100	Spire, Inc. Certificate of Convenience and Necessity
WR-2024-0014	Gascony Water Company Rate Increase Request

Case/Tracking Number	Company Name- Type of Case; Issues
GA-2023-0389	Spire, Inc. Certificate of Convenience and Necessity
SA-2023-0346 WA-2023-0345	Missouri-American Water Company Certificate of Convenience and Necessity
WA-2023- 418	Misty Water Works Certificate of Convenience and Necessity
SA-2023-0215	Confluence Rivers Certificate of Convenience and Necessity
ER-2022-0337	Ameren Missouri Non-Labor Power Plant Maintenance, Software and Cybersecurity Revenues and Expenses, Call Center Costs, Plant in Service Accounting (PISA), Insurance Expense, Advertising Expense, Lobbying Expense (including MEDA), Dues and Donations, Edison Electric Institute (EEI), Customer Convenience Fees, Wind Generation Operations and Maintenance Expense, Callaway Refueling Non-Labor Expense, Callaway Unplanned Outage Expense/Capital
EA-2022-0328	Evergy Missouri West Certificate of Convenience and Necessity
ER-2022-0129 ER-2022-0130	Evergy Missouri Metro and Evergy Missouri West Advertising, Customer Advances, Customer Deposits, Dues and Donations (EEI), EMS Run, Material and Supplies, Prepayments, Lobbying, Accounts Receivable Bank Fees, Debit/Credit Card Processing Fees, Economic Relief Pilot Program, Renewable Energy Standard Amortization, Regulatory Asset Amortizations, Injuries and Damages, Insurance, IT Software Maintenance, Maintenance, Wolf Creek Nuclear Refueling Outage, Plant in Service Accounting (PISA)
GO-2022-0171	Spire Inc. Infrastructure System Replacement Surcharge (ISRS)

Case/Tracking Number	Company Name- Type of Case; Issues
GR-2021-0108	Spire, Inc. Advertising, Board of Directors, Cash Working Capital, Communication Equipment Lease, Credit Card Processing Fees, Energy Efficiency and Low Income Programs/Weatherization, Energy Efficiency Program Balances, Fuel Expense Equipment and Vehicles, Insurance, Line Locating, Rents and Leases, Severance, Uncollectible Expense
SA-2021-0017	Missouri-American Water Company Certificate of Convenience and Necessity
WR-2020-0264	Raytown Water Company Leased equipment, Outside Services, Purchased Water Bills, Education Expense, Lab Fees, Office Supplies, Primacy Fees, Printing and Postage Expense, Uniform Expense
WA-2019-0364	Missouri-American Water Company Certificate of Convenience and Necessity
GO-2019-0356	Spire Inc. Infrastructure System Replacement Surcharge (ISRS)
WO-2019-0184	Missouri American Water Company Infrastructure System Replacement Surcharge (ISRS) Work Order review, Reconciliation
SA-2019-0161	United Services, Inc. Certificate of Convenience and Necessity Plant buildout, Direct Expenses
ER-2018-0145	Kansas City Power & Light Company and Greater Missouri Energy Company Advertising, Bad Debt Expense, Revenues, Customer Advances, Customer Deposits, Customer Growth, Dues and Donations, Material and Supplies, Other Revenues, Prepayments, Forfeited Discounts annualization, Greater Missouri Energy Company EMS Run, Payroll expenses, Payroll Taxes, Employee Benefits
GR-2017-0215 GR-2017-0216	Laclede Gas and Missouri Gas Energy Payroll, Payroll Taxes, Employee Benefits, Non-Labor Maintenance, A&G and O&M Cost Analysis

Case/Tracking Number	Company Name- Type of Case; Issues
WR-2017-0139	Stockton Hills Water Company Payroll, Other Expenses
ER-2016-0285	Kansas City Power & Light Company EMS Run, Insurance expense, Amortization, PSC Assessment, Lease expense

SPP-NTC-200189

SPP
Notification to Construct

April 17, 2012

Mr. Harold Wyble
KCP&L Greater Missouri Operations Company
801-A, P.O. Box 418679
Kansas City, MO 64141-9679

RE: Notification to Construct Approved Balanced Portfolio Network Upgrades

Dear Mr. Wyble,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachment O, Section VI, of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing Kansas City Power & Light Greater Missouri Operations Company ("GMO"), as the Designated Transmission Owner, to construct the Network Upgrade(s).

Kansas City Power & Light Company ("KCP&L") received and accepted NTC 20042 in 2009 to construct the approved Balanced Portfolio Project ID 703, Iatan to Nashua 345 kV. On April 9, 2012, KCP&L requested SPP modify the Project to include GMO as a Designated Transmission Owner of the project.

New Network Upgrades

Project ID: 703

Project Name: Multi - Iatan - Nashua 345 kV

Estimated Cost for Project: \$54,444,000 (this project cost contains Network Upgrades not included in this NTC)

Date of Estimated Cost: 4/1/2009

Estimated Cost Source: KCP&L

Network Upgrade ID: 50499

Network Upgrade Name: Iatan - Nashua 345 kV Ckt 1 (GMO)

Network Upgrade Description: Build new 345 kV line from Iatan to Nashua. The total mileage of this 345 kV line is 30 miles. GMO and KCP&L shall decide who shall build how much of these Network Upgrades and shall provide such information, along with specific cost estimates for each Designated Transmission Owner's portion of the Network Upgrades, to SPP in the response to this NTC.

SPP-NTC-200189

Network Upgrade Owner: KCP&L Greater Missouri Operations Company
MOPC Representative: Patricia Denny
TWG Representative: Harold Wyble
Categorization: Balanced Portfolio
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA, but are not limited to that amount.
Network Upgrade Justification: Balanced Portfolio 3E “adjusted”
Estimated In-Service Date for Network Upgrade: 6/1/2015
Cost Allocation of the Network Upgrade: Region-wide charge as specified by Attachment J, SPP OATT

Commitment to Construct

Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this NTC, pursuant to Attachment O, Section VI.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrade(s). Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrade(s) being assigned to another entity.

Coordination with Neighbors

GMO is responsible for coordinating these jointly owned projects with other constructing Designated Transmission Owners. Coordination includes, but is not limited to, construction specifications, facility ratings, interception location, and construction timing.

Notification of Commercial Operation

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

Notification of Progress

On an ongoing basis, please keep SPP advised of any inability on GMO's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires GMO to submit updates on the status of the Network Upgrade(s) on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, GMO shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

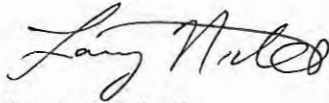
All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

Don't hesitate to contact me if you have questions or comments regarding these instructions.

SPP-NTC-200189

Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,



Lanny Nickell

Vice President, Engineering

Phone: (501) 614-3232 • Fax: (501) 821-3198 • lnickell@spp.org

cc: Carl Monroe - SPP
Katherine Prewitt - SPP
Todd Fridley - Kansas City Power & Light Company
Patricia Denny - Kansas City Power & Light Greater Missouri Operations Company