

Exhibit No. 31

Exhibit:
Issue: Transmission ROE; Transource
Witness: Jim Flucke
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Evergy Missouri Metro and Evergy
Missouri West
Case Nos.: ER-2022-0129 / 0130
Date Testimony Prepared: August 16, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0129 / 0130

SURREBUTTAL TESTIMONY

OF

JIM FLUCKE

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI METRO

**Kansas City, Missouri
August 2022**

SURREBUTTAL TESTIMONY

OF

JIM FLUCKE

Case No. ER-2022-0129 / 0130

I. INTRODUCTION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

Q: Please state your name and business address.

A: My name is Jim Flucke. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: Are you the same Jim Flucke who submitted direct and rebuttal testimony in these dockets on January 7, 2022 and July 13, 2022?

A: Yes.

Q: On whose behalf are you testifying?

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

Q: What is the purpose of your surrebuttal testimony?

A: The purpose of my surrebuttal testimony is to respond to the Wholesale Revenue Credit rebuttal testimony of Missouri Public Service Commission (“MPSC”) Staff witness Karen Lyons.

Q: What is Staff’s position regarding the Company’s proposed return on equity (“ROE”) adjustment in the transmission revenues received from SPP for other Transmission Customers’ use of Evergy’s transmission facilities?

A: Staff recommended that transmission revenues not be adjusted to reflect the differences between MPSC- and FERC-authorized ROE as discussed in my direct testimony.

1 **Q: What is the Company’s position regarding Staff’s recommendation to not adjust for**
2 **the ROE differences?**

3 A: As I discussed in my rebuttal testimony, the Company does not agree with Staff’s exclusion
4 of the adjustment nor does the Company agree with Staff’s flawed rationale for its
5 exclusion of the adjustment. The adjustment was proposed to correct a situation where the
6 crediting of transmission revenue results in the Company receiving less than the MPSC
7 authorized return from Missouri retail customers.

8 **Q: Why does Staff’s transmission revenue crediting result in the Company earning less**
9 **than the MPSC authorized ROE?**

10 A: Under the current Missouri retail ratemaking methodology, all of the Company-owned
11 transmission assets and related expenses are included in the calculation of the gross retail
12 revenue requirement. This gross retail revenue requirement is based on a MPSC authorized
13 ROE. The transmission revenue crediting occurs when the Company charges other
14 Transmission Customers through the SPP Open Access Transmission Tariff (“OATT”) for
15 their use of the Company-owned transmission assets. Because all of the Company-owned
16 transmission assets and related expenses have been included in the gross Missouri retail
17 revenue requirement calculation, transmission revenues received through the SPP OATT
18 for the use of those same Company-owned transmission assets must be credited against the
19 gross retail revenue requirement to arrive at a net retail revenue requirement.

20 The problem with this revenue crediting, however, is that transmission revenues
21 that are being received from other Transmission Customers through the SPP OATT are
22 based on an Annual Transmission Revenue Requirement (“ATRR”) calculated in the
23 Evergy Metro Transmission Formula Rate (“TFR”) and Evergy Missouri West TFR that is

1 based on a FERC-authorized ROE. The FERC-authorized ROE is currently higher than the
2 MPSC authorized ROE. When the FERC-authorized ROE is higher than the MPSC
3 authorized ROE, the transmission revenues from other Transmission Customers that are
4 being credited against the gross retail revenue requirement are greater than that which was
5 calculated in the gross retail revenue requirement. Essentially, Missouri retail customers
6 are credited back more than they have paid for the transmission assets. This crediting back
7 of more revenue to Missouri retail customers than was built into their gross retail revenue
8 requirement is an improper arbitrage by Staff which doesn't reflect the rates paid by
9 Missouri retail customers to recover the transmission assets. The Company's adjustment
10 should be used by the Commission so that the Company is afforded an opportunity to earn
11 its authorized ROE. Otherwise, crediting the revenues using the higher ROE is basically a
12 taking of the Company's opportunity to earn its authorized ROE through arbitrage of the
13 FERC-approved ROE in TFR which is inappropriate.

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

15 **A:** Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro's Request for Authority to) Case No. ER-2022-0129
Implement A General Rate Increase for Electric)
Service)

In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West's Request for Authority to) Case No. ER-2022-0130
Implement A General Rate Increase for Electric)
Service)

AFFIDAVIT OF JIM FLUCKE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Jim Flucke, being first duly sworn on his oath, states:

1. My name is Jim Flucke. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Vice President, Transmission and Distribution.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of three (3) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Jim Flucke

Subscribed and sworn before me this 16th day of August 2022.



Notary Public

My commission expires: 4/26/2025

