

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

In the Matter of the Application of)	
Evergy Metro, Inc. d/b/a Evergy)	
Missouri Metro and Evergy Missouri)	
West, Inc. d/b/a Evergy Missouri West)	Case No. EO-2025-0040
for the Issuance of a Depreciation)	
Authority Order Relating to their)	
Electrical Operations)	

RESPONSE TO STAFF RECOMMENDATION

COMES NOW the Office of the Public Counsel (“OPC”) and for its *Response to Staff Recommendation*, states as follows:

1. Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy West”), collectively (“Evergy”), filed an application for a depreciation authority order in the above styled case on December 13, 2024.

2. On December 18, 2024, the Public Service Commission (“the Commission”) ordered its Staff (“Staff”) to file a recommendation regarding the above request no later than January 13, 2025.

3. Staff filed a status report in this case on January 13, 2025, requesting the Commission grant Staff until February 11, 2025 to file its recommendation, which the Commission granted on January 31, 2025.

4. Pursuant to this *order*, Staff filed its recommendation in the above styled case on February 11, 2025.

5. Staff's recommendation was that the Commission issue an order approving requests (b), (c), and (d) of Evergy's original request and included as an attachment a memorandum developed by Staff's engineering department.

6. The OPC agrees with Staff's recommendations regarding Evergy's requested items (b) and (d), but not with item (c).

7. The OPC recommends the Commission deny Evergy's request to "issue an depreciation accounting authority order to utilize a 33.33% amortization rate for the assets recorded in Account 30316 Intangible three-year Software which will be transferred to the new plant utility account 397021" because it is not clear that the majority of the software which has been booked to Account 30316 is actually fixed to a three-year term and because Evergy has failed to distinguish how the software at issue in this account is different from any current piece of software or how it replaces what functions are currently performed by another software, which has traditionally been required for a depreciation authority order to issue.

8. In support of its position, the OPC has included as an attachment to this filing a memorandum that further explains these concerns.

9. The OPC therefore requests the Commission issue an order approving requests (b) and (d) of Evergy's original request but denying request (c).

WHEREFORE, the Office of the Public Counsel respectfully requests the Commission issue an order approving Evergy's requested items (b) and (d), but denying Evergy's requested item (c).

Respectfully submitted,

By: /s/ John Clizer
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CERTIFICATE OF SERVICE

I hereby certify that copies of the forgoing have been mailed, emailed, or hand-delivered to all counsel of record this twentieth day of February, 2025.

 /s/ John Clizer

MEMORANDUM

To: Missouri Public Service Commission Official Case File,

Case No. EO-2025-0040 In the Matter of the Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West for the Issuance of a Depreciation Authority Order Relating to their Electrical Operations

From: John Robinett, Utility Engineering Specialist, Missouri Office of the Public Counsel

Re: Response to Staff's Recommendation on Evergy's application for a Depreciation Authority Order

Date: February 20, 2025

Introduction

I have read the *Application for a Depreciation Authority Order* filed in case EO-2025-0040 and the *Staff Recommendation* filed in response. Based on the information contained therein, additional information I obtained through correspondence with Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (collectively "Evergy"), and my own knowledge and experience I make the following recommendations to the Commission:

1. The Commission should grant Evergy Missouri Metro and Evergy Missouri West requests for a Depreciation Authority Order based on the Federal Energy Regulatory Commission's ("FERC") Order 898 related to the requested account changes for wind, solar, and energy storage facilities for computer hardware, software, and communication equipment.
2. The Commission should deny Evergy Missouri Metro's request for a depreciation authority order related to software accounts.

Procedural Background

On December 13, 2024, Evergy Missouri West and Evergy Missouri Metro filed a joint application for a depreciation authority order.

On December 18, 2024, The Commission issued an order directing Staff to file a recommendation or status report indicating when a recommendation would be filed.

On January 13, 2025, the Commission Staff filed a status report indicating that they would file a recommendation on or before February 11, 2025.

The Commission Staff filed their recommendation on February 11, 2025, in which they accepted all of the new depreciation rates requested by Evergy.

Utilities Proof of Need

Evergy provided the following in its application for a depreciation authority order for the software account for which the Company now seeks new depreciation rates:

11. In addition to the request for authorization of depreciation rates related to the FERC changes, there are three new depreciation/amortization rates for EMM that

the Company requests the authorization of a depreciation rate which are as follows:
...

(2) Intangible Account 30316 for three-year Software. The company amortizes a few software packages in this account over a three-year life or 33.33% amortization rate. The majority of software in this account currently is for a three-year agreement with Microsoft for the 2023 Microsoft Windows Enterprise Software. Under the new FERC rule, Account 30316 will be transferred to the new account 397021 and...

OPC sent five informal questions to Evergy as part of this case those questions are as follows:

1. What is the in-service date for the software in this account?
2. Is this a new subaccount being created for the 2023 Microsoft Windows Enterprise Software?
3. How does the 2023 Microsoft Windows Enterprise Software compare to what it is replacing in terms of functionality and purpose?
4. Could you please provide a list of all software in the account and over what lives they are currently being amortized?
5. Could you please indicate the dollar amounts and identify the software that will be transferred to this account 30316 if the depreciation authority order is granted?

Evergy sent a response to these questions that describe that this account 30316 was created after Evergy Missouri Metro's 2022 rate case and is included in the Company's filing for new rates in Kansas in 2023. Evergy provided an Excel spread sheet that contained 34 lines of software applications totaling an original cost of \$43,935,717. While the Microsoft line is the largest single value it is approximately 35% of the total value in the account. Evergy's response fails to distinguish how the Microsoft 2023 software is different from any software currently in place or how it replaces what functions are currently performed by another software.

Analysis of Requested Depreciation Authority Order

Depreciation authority orders have been traditionally requested to allow a new depreciation rate for newly acquired assets that are unlike anything a utility currently has in service. The current application is therefore abnormal, in that, Evergy already has ordered depreciation rates for most of the assets for which new rates are being requested. This is because the current application was filed as a response to an order from FERC that discusses transfer of accounts related to wind, solar, and energy storage assets. This FERC order, Evergy asserts, would create new accounts that don't have assigned depreciation rates ordered by this Commission. Assuming this assertion is accurate, the Commission should grant the requested depreciation authority order as it relates to the requested account changes for wind, solar, and energy storage facilities for computer hardware, software, and communication equipment addressed in FERC Order 898.

Notwithstanding any of the foregoing, the Commission should deny the requested depreciation rate for Intangible Account 30316, as requested by Evergy Missouri Metro. As stated above, the majority of account 30316 is not for a three-year agreement with Microsoft for the 2023 Microsoft Windows Enterprise Software because this software only makes up about 35% of the accounts

booked plant values. In addition, a depreciation authority order has traditionally relied on the acquisition of a new asset that is unlike anything the utility currently has. Evergy has failed to distinguish how the Microsoft 2023 software is different from any current piece of software or how it replaces what functions are currently performed by another software, so no depreciation authority order is therefore warranted. The Commission should therefore deny the requested depreciation authority order related to account 30316.

Conclusion

The Commission should approve Evergy Missouri West and Evergy Missouri Metro's request for depreciation rates and creation of new accounts related to FERC's Order 898 specifically for solar, wind, and energy storage assets. However, the Commission should not approve the depreciation authority order request for Evergy Missouri Metro's request for a 33.33% depreciation rate for Intangible Account 30316 or 397021 for Software. The Company has failed to provide sufficient evidence in this case that these software packages included in this account are significantly different from other software currently being amortized in account 303 intangible property.


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

AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI)
)
) SS.
COUNTY OF COLE)

COMES NOW JOHN A. ROBINETT and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Memorandum* and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

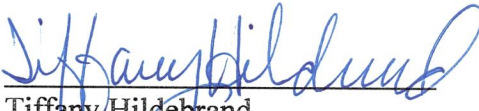


John A. Robinett
Utility Engineering Specialist

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 20th day of February, 2025.

TIFFANY HILDEBRAND NOTARY PUBLIC - NOTARY SEAL STATE OF MISSOURI MY COMMISSION EXPIRES AUGUST 8, 2027 COLE COUNTY COMMISSION #15637121



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2027.