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 Implement A General Rate Increase for Electric Service	))))	**Case No. ER-2022-0129**
In the Matter of Evergy Missouri West Inc. d/b/a Evergy Missouri West's Request for Authorization to Implement A General Rate Increase for Electric Service	))))	**Case No. ER-2022-0130**

EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST
STATEMENT OF POSITIONS

COME NOW Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("EMM") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("EMW") (collectively, the "Company"), by and through their counsel and, for their *Statement of Positions* ("Position Statement") states as follows:

POSITIONS

I. Cost of Capital

A. What return on common equity should be used for determining the rate of return?

Position: The Company's return on common equity ("ROE") should be set at 10.0%, based on a range of 9.90% to 10.50%.

This recommendation is presented by Company witness Ann Bulkley, a Principal at the Brattle Group, who applied the Constant Growth form of the Discounted Cash Flow model, the Capital Asset Pricing Model, the Empirical Capital Asset Pricing Model, and the risk Premium Approach. She considered additional risk factors that affect the Company's required ROE, including its capital expenditure requirements, its planned investments in renewable generation assets, and the regulatory environment in which it operates.

1. What impact, if any, should the passage of RSMo. section 393.400 have in determining the appropriate return on common equity?

Position: Section 393.400 was enacted in 2022 as part of SB 745 and will become effective on August 28, 2022. It provides that Missouri electrical, gas, sewer and water corporations shall defer to a regulatory asset or liability any difference in state or local property taxes actually incurred and those on which the revenue requirement was set in the corporation's most recent general rate case. This statute brings Missouri in line with over a dozen other state regulatory jurisdictions that have permitted similar treatment regarding property taxes.

The passage of Section 393.400 should have no impact on the Commission's obligation to determine an ROE that allows the Company to maintain its financial integrity and its ability to attract capital while providing safe, reliable, and affordable electric service to its customers. See Darrin Ives Surrebuttal at 15; Michael Adams Direct at 18-24.

B. What capital structure should be used for determining the rate of return?

Position: The Company recommends:

Evergy Missouri Metro: 51.36% equity and 48.64% long-term debt.

Evergy Missouri West: 51.47% equity and 48.53% long-term debt.

C. What cost of debt should be used for determining rate of return?

Position: The Company recommends the following cost of debt:

Evergy Missouri Metro: 3.9611%

Evergy Missouri West: 3.9609%

D. Should short-term debt be included in the capital structure of each company?

1. If so, at what level and at what cost?

Position: No. There is no basis to include short-term in the capital structures of either company.

A decision regarding carrying costs in EMW's securitization case (No. EF-2022-0155) cannot be used to determine whether short-term debt is included in EMW's capital structure in this case. There is no relationship between (a) carrying costs in the securitization case regarding Winter Storm Uri expenses and the goals of Section 393.1700.1 of the Securitization Law, and (b) whether short-term debt should be included in EMW's capital structure in this case. Consequently, there is no lawful basis to use a decision in EMW's securitization case to manipulate its capital structure or to deny it the opportunity to earn a reasonable return on capital invested on behalf of its customers.

E. Should Evergy's rate base be adjusted to reflect a lower Allowance for Funds Used During Construction ("AFUDC") rate?

Position: No. The Company computes AFUDC rates according to the FERC accounting rules found in 18 CFR Part 101, Electric Plant Instructions No. 3.A(17). By following these accounting rules associated with capitalizing AFUDC associated with CWIP (construction work in progress) balances, the Company's rate base is not overstated or inflated.

F. Should the Commission order Evergy's AFUDC rate to be consistent with the cost of short-term debt?

Position: No. There is no basis reduce the Company's AFUDC rate because EMM and EMW are following the proper FERC accounting rules associated with the capitalization of AFUDC associated with CWIP. To do otherwise would impose a short-term debt rate for projects that relate to long-term assets.

G. Should Evergy Metro's revenue requirement be reduced to capture the authorized financing charges/carrying costs for the loans Evergy Metro provided to Evergy MO West to finance Storm Uri?

Position: No. The cost of capital and revenue requirement issues in these general rate cases are governed by statutes and rules that are not related to a securitization financing order under Section 393.1700.1 that determines appropriate financing charges or carrying costs. There is no lawful basis to use a decision in Evergy Missouri West's securitization case to reduce Evergy Missouri Metro's revenue requirement or to deny it the opportunity to earn a reasonable return on capital invested on behalf of its customers.

II. Sibley AAO and Net Book Value

A. Was the retirement of the Sibley generating facility before the end of its useful life prudent?

1. If no, what if any disallowance should the Commission order?

Position: Yes. The decision to retire Sibley was reasonable, prudent, consistent with electric utility normal operating procedures, and consistent with national trends. The retirement decision was also consistent with prudent resource planning. All modeled scenarios in EMW's 2017 Annual IRP Update showed that retiring Sibley was more economic and beneficial to customers than continuing to operate the plant. (Kennedy Direct at 11-30; Kennedy Rebuttal at 6-11; Ives Rebuttal at 10-14)

B. What is the appropriate value for the regulatory liability from Case No. EC-2019-0200?

Position: $39,020,260 (Klote Surrebuttal, p. 9)

C. What is the amount of unrecovered investment associated with the Sibley Unit Retirements?

Position: Approximately $104.2 million. (Spanos Rebuttal at 25)

D. What reserve balances should be used for purposes of determining depreciation expense for Evergy West steam production units, consistent with the Commission's determination of Sibley's unrecovered investment?

Position: The Commission should approve the recovery of the net book value associated with the Sibley plant as presented in EMW's Depreciation Study (June 30, 2021). It reflects the most appropriate calculation of the net book value of Sibley's assets which EMW should be able to recover. The proposals of OPC regarding an alternative recovery plan are not appropriate. (Spanos Rebuttal at 25-26; Spanos Surrebuttal at 9-11)

E. What is the proper amortization period for the regulatory liability related to Sibley?

Position: Four years. (Klote Direct at 43; Kennedy Rebuttal at 13)

F. What is the proper amortization period for the unrecovered depreciation investment from the Sibley retirement?

Position: 20 years. (Klote Direct at 44; Spanos Rebuttal at 22; Kennedy Rebuttal at 14)

G. Should the net book value be included in rate base?

Position: Yes. (Kennedy Rebuttal at 13-14; Spanos Rebuttal at 21-22; Spanos Surrebuttal at 11)

H. Should the Regulatory liability for Sibley include a rate of return on the undepreciated balance from the time of retirement through the rates effective in this rate case?

Position: Yes. (Kennedy Rebuttal at 11-14)

I. Should the unrecovered investment in Sibley earn a weighted average cost of capital return on a going forward basis?

Position: Yes. (Kennedy Rebuttal at 13-14; Spanos Surrebuttal at 11)

III. Resource Planning

A. Has Evergy West been imprudent in its resource planning process?

1. If yes, how should Evergy West's fuel and purchased power costs be determined?

2. If yes, how should Evergy West's FAC base factor be calculated?

3. If yes, how should Evergy West's accumulation period actual costs be adjusted for its FAC?

Position: No. EMW has prudently and reasonably relied on its own generation, capacity contracts, and the Southwest Power Pool

("SPP") wholesale energy markets to supply power to customers. It has conducted rigorous, stand-alone resource planning with the goal of minimizing long-term costs to customers. EMW has always fully met the reserve margin requirements of SPP. The decision to retire the Sibley plant in November 2018 after a forced outage caused by a turbine malfunction was prudent. This decision was consistent with EMW's 2017 IRP Annual Update which showed that retiring Sibley in 2018 and procuring purchased power agreements for capacity was more economic in 100% of the modeled scenarios, saving customers over $200 million. (Messamore Rebuttal at 4-9; Messamore Surrebuttal at 7-15)

B. Should the Commission require Evergy to conduct a full retirement study of its coal fleet using optimized capacity expansion software, which identifies the optimal retirement date for each of its coal-fired units?

Position: No. This issue should be addressed in the Integrated Resource Planning process, not in this general rate case. EMM and EMW are utilizing capacity expansion modeling in their 2022 Annual Updates. (Messamore Rebuttal, pp.10-14)

IV. AMI

A. Should the Commission approve a disallowance related to the replacement of AMI meters with AMI meters that have the capability to disconnect/reconnect service (AMI-SD)?

Position: No. The AMI meters, without SD capability, which Evergy deployed from 2014-2016 were not prematurely retired. A business case was conducted and the financial impact to customers was analyzed from two different perspectives. The business case clearly showed significant operational cost savings and upgrades in customer experience that justified the exchange. The financial analyses indicated that customers benefitted from the exchange. Finally, the notion that the non-SD meters were retired prematurely fails to account for the fact that the meters were replaced for technology reasons. Earlier analog meters did not materially change for decades and had much longer useful lives. Now, metering technology and other transmission and distribution technology have useful lives that are often more dependent on the technology installed in them then the actual hardware in which that technology is housed.

The Company based its decisions on which meter types to deploy and when to deploy them based on business cases developed at the time, both for the initial deployment of non-AMI SD meters as well as the subsequent decision to install AMI-SD meters. These are prudent investment decisions that benefit customers. (Caisley Rebuttal, pp. 5-23)

B. Should the Commission order Evergy Metro to change its deployment strategy so that it no longer prioritizes customers in arrearage?

Position: The Company disagrees with the underlying premise of this statement of the issue. AMI meters have already unlocked many benefits that our customers are enjoying today, including those facing possible disconnection. The decision to also change out non-AMI-SD meters with AMI-SD meters was based on a business case - both in the initial decision to not deploy the technology when price differences were significantly higher than they are today, as well as the decision to later change out non-AMI-SD meters prior to the end of their design life for AMI-SD meters that bring additional cost savings and other benefits to customers. (Caisley Rebuttal, pp. 5-23)

C. Did Evergy exceed the 6% annual PISA spend limit on AMI meters?

1. If yes, what actions, if any, should the Commission take in response?

Position: No.

V. Fuel Adjustment Clause ("FAC")

A. Should SPP transmission costs be included in Evergy's FAC?

1. What is the appropriate percentage of transmission expenses that should be recovered through the FAC?

Position: Yes. $43% for EMW; 7.18% for EMM. Nunn True-up Direct Testimony-Schedule LJN-9; LJN-10

B. Should EMM and EMW be allowed to resume hedging activities as a mitigating strategy for its fuel and purchase power risk in both long and short term positions and be allowed to include its costs, gains, and losses in its FAC tariff sheets?

1. Should hedging gains and losses be included in Evergy's FAC?

a) If no, should the hedging costs and gains be recorded in regulatory asset and regulatory liability accounts for treatment determination in Evergy Metro's next general rate case?

Position: Yes. A well designed hedging strategy is a risk reduction exercise in the current energy market environment. _Hedging should be allowed to be resumed and the costs, gains and loses should flow through the FAC. Meitner Rebuttal p. 2; Nunn Direct p. 6.

C. Should EMM and EMW's FAC tariffs include language that excludes net costs associated with purchased power agreements entered into after May 2019 whose costs exceed its revenues resulting in a net loss?

1. How should the margins for any wind purchased power agreements Evergy entered into after May 2019 be treated?

Position: No. EMM and EMW's FAC tariffs should not include language that excludes net costs associated with purchased power agreements entered into after May 2019. Costs and revenues associated with all EMM and EMW's purchased power agreements should flow through the FAC. Staff"s and OPC's proposal doesn't recognize that PPA's were entered into based on long term economics not short-term market conditions. The proposal is unreasonable because the SPP wholesale market was not designed to fully recover all costs from participating generation facilities and the proposal creates a strong bias against PPAs. Messamore Rebuttal, pp. 16-18; Nunn Rebuttal, pp. 18-19.

D. How should the costs and revenues of Evergy's current wind purchased power agreements be treated?

Position: The costs and revenues of the current wind purchased power agreements should flow through the FAC. (Nunn Rebuttal 18-19).

E. FAC Base Factor and Tariff & Eligible Accounts

1. What are the base factors for EMM and EMW?

Position: The base factors proposed by Evergy are included in the tariff proposed tariff schedules attached to Nunn true-up direct testimony. They are EMM $0.01824; EMW $0.02550

a) Should the cost of the Central Nebraska Public Power and Irrigation District ("CNPPID") hydro purchased power agreement be included in the FAC base factor calculation for Evergy Metro? (Metro Only)

Position: Yes, the CNPPID PPA should be included in the FAC base factor for EMM as it has been in the prior two rate cases. Nunn Surrebuttal, pp. 7- 8; Tucker Surrebuttal, p. 3.

b) Should the cost of Evergy Metro's Ponderosa and Evergy West's Cimarron Bend III wind PPAs be included in the FAC base factor calculation?

Position: No, these PPAs are associated with the Renewable Energy Rider and are excluded from the base factor calculation as well as the semi-annual updates.

2. What are the updated transmission of electricity by others costs for EMM and EMW?

Position: As indicated in the Company's July 25, 2022 true-up models the costs are; EMM $29,997,812; EMW $24,522,919.

3. Should Southwest Power Pool ("SPP") transmission revenues be included in Evergy's FAC?

a) If yes, what percentage of transmission revenues should be included?

Position: No. Transmission of Electricity for Others has nothing to do with producing and transporting electricity to Evergy customers. The revenues act as an offset to overall revenue requirement but have no connection to the FAC. Nunn Rebuttal, page 20

4. What are the appropriate FAC Voltage Adjustment Factors for EMM and EMW?

Position: *EMM:*

VAF – Transmission - 1.0300

VAF – Substation – 1.0378
VAF – Primary – 1.0497
VAF – Secondary – 1.0690

EMW:

VAF – Transmission – 1.0300
VAF – Substation – 1.0388
VAF – Primary – 1.0503
VAF – Secondary – 1.0766

(Nunn Rebuttal, p. 18)

5. What, if any, SPP charge types should the Commission include in EMM and EMW's FAC tariff sheets?

Position: SPP IM charge/revenue types that are included in the FAC are listed

Schedules 9 and 10 of Nunn Surrebuttal.

6. Should the Commission allow EMM and EMW to include account 555070 for SPP purchased power administration fees in their FAC?

Position: Yes. (Nunn Rebuttal p. 26-27; Nunn Surrebuttal pp. 2-3).

7. Should the Commission allow EMM and EMW to include natural gas reservation charges to the tariff to include account 547027 "Fuel OnSys Oth Prod-Demand in their FAC?

Position: Yes. (Nunn Rebuttal p. 27).

8. Should costs recorded in Account 501420 be included in Evergy's FAC?

   a) Should the Commission allow EMM to include account 501420 to record fuel residual costs previously charged to account 502 and included in base rates?

Position: Yes. (Nunn Rebuttal p. 27-28).

9. Should the Commission allow Evergy to expand the FERC accounts impacted by the gains or losses to be reported for the sale of Renewable Energy Credits to be consistent throughout Evergy as well as to add more to the definition of a Renewable Energy Credit for accounts 411800 and 411900?

Position: Yes. (Nunn Rebuttal p. 25).

10. Should the Commission allow EMW to include account 501, Unit Train Maintenance and Property Taxes?

Position: Yes. (Nunn Rebuttal pp. 28-29).

11. Should the Commission allow EMM to include amounts for Premium Ammonia, which was excluded in the previous rate case Base Factor calculation as account 547300?

Position: Yes. (Nunn Direct; attached Revised Tariff Sheet 127.15).

12. Should the Commission allow Evergy to include amounts for Firm Bulk Sales (Capacity & Fixed), which was excluded in the previous rate case Base Factor calculation, in their FAC?

Position: Yes, Company agrees to remove this language from EMW's tariff sheets.

Nunn Surrebuttal, p. 3

13. Should the Commission allow EMW to update the OSSR and PP definition to be more consistent with EMM's same definitions, on tariff sheets 127.26 and 127.28?

Position: Yes.

14. Should the Commission allow EMW to include an aux power adjustment in the FAC base factor calculation?

Position: No. Nunn Rebuttal, pp. 17-18; Surrebuttal p. 9

15. Should the Commission allow Evergy to change tariff language and the OSSR definition, for additional solar subscription pilot unsubscribed revenues to be imputed at 75%. EMM also updated their proposed tariff language in DR 257.2, "For future solar subscription projects, additional revenue will be added at an imputed 100% of the unsubscribed portion up to 50%"?

Position: The tariffs currently in effect for both EMM and EMW include the following language in the OSSR definition: Additional revenue will be added at an imputed 75% of the unsubscribed portion associated with the Solar Subscription Rider valued at market price.

The Commission should allow Evergy to add the following language to both EMM and EMW's tariff sheets under the OSSR definition.

For future solar subscription projects, additional revenue will be added at an imputed 100% of the unsubscribed portion up to 50% (Nunn Rebuttal, p. 25; Surrebuttal p. 5).

16. Should language that explicitly prohibits recovery of retirement and/or decommissioning costs related to the retirement of a generation plant be added to Evergy's FAC tariff sheets?

a) If yes, what language should be added?

Position: No. Nunn Rebuttal p. 20 – 22; Surrebuttal p. 4.

17. Should language that would allow the mitigation of the impact of extraordinary net fuel and purchase power costs be added to Evergy's tariff sheets?

a) If yes, what language should be added?

Position: No (Nunn Rebuttal p. 22; Surrebuttal p. 4).

18. Should language that explicitly prohibits recovery of fuel and purchased power costs for research and development be added to Evergy's tariff sheets?

a) If yes, what language should be added?

Position: No. Nunn Rebuttal p. 23; Surrebuttal p. 4

19. Should language be added to Evergy West's FAC tariff sheets to incorporate the provision in its Special High-Load Factor tariff ("Scheduled MKT"), ordered by the Commission in Case No. EO-2022-00611, relating to the interaction of taking service under the MKT rate and Evergy West's FAC?

Position: Yes (Nunn Rebuttal pp. 23-24).

a) If yes, what language should be added?

Position: The definition under sub account 555000 would change from:

"…excluding the amounts associated with purchased power agreement associated with the Renewable Energy Rider tariff."

to:

"…excluding the amounts associated with purchased power agreement associated with the Renewable Energy Rider tariff and amounts associated with the purchase of power for customers served under the MKT Schedule."

This change will also require inclusion of similar exclusionary language in the definition of S_{RP} so that the forecasted recovery period NSI does not include the kWh associated with these MKT Schedule participants. Nunn Rebuttal 23-24

20. Should language be added to Evergy Metro's FAC tariff sheets to incorporate the interaction of Evergy's FAC and future customers taking service under a rate schedule similar to the Evergy West's MKT rate?

Position: Yes. Nunn rebuttal 24

a) If yes, what language should be added?

Position: Same language as indicated in the position 19 a)

21. Should language be added to Evergy's FAC tariff sheets reflecting additional rate schedules and customer programs?

Position: Yes. Nunn Rebuttal 24-25

a) If yes, what language should be added?

Position:

- For the low-income solar subscription project and the Business EV Charging Service Carbon Free Energy Option, the Company will isolate those revenues related to the programs and flow those back through the FAC.
- This will require the addition of a Rev definition of Rev = Retail revenues in accounts 440 – 442, identified by resource codes associated with the low-income solar subscription project and the Business EV Charging Service Carbon Free Energy Option, less the costs recorded to FERC account 509000

necessary to purchase RECs to meet these programs and net of the costs incurred to retire the RECs for these programs. This will move a portion of the proposed additions in R = from my direct testimony to this new component.

- The ANEC will need to change to (FC + E + PP + TC – OSSR – R – *Rev*).
- R = would then say, "Renewable Energy Credit Revenue: Revenues reflected in FERC account 509 and gains or losses recorded in FERC accounts 411800 and 411900 from the sale of Renewable Energy Credits that are not needed to meet the Renewable Energy Standards, less the cost associated with making the sale.
- The wording related to the solar subscription programs is included in position statement no. 15 above.

22. Should FAC tariff sheets be modified to take into account impacts from Evergy's low-income solar subscription project, Green Pricing Renewable Energy Credit ("REC") program, and Business EV Charging Service Carbon Free Energy Options?

    a) If yes, what changes should be made to the tariff sheets?

<u>Position</u>: See previous response.

23. Should revenues from Evergy's low-income solar subscription project, Green Pricing REC program, and Business EV Charging Service Carbon Free Energy Options program flow through Evergy's FAC?

    a) If no, what should the ratemaking treatment be to return revenues from these programs back to customers?

<u>Position</u>: See previous response.

24. Should the procedure relating to changes to SPP schedules that is currently in Evergy's FAC tariff sheets be retained?

Position: No. Nunn surrebuttal Schedules 9 and 10

25. Should the Evergy West FAC tariff sheets reflect the adjustments to the FAC costs due to electricity usage of Evergy West's steam heat utility?

Position: No. Costs related to Evergy West's steam heat utility are recorded to FERC accounts not included in Evergy West's FAC, thus no adjustment is needed. Nunn Rebuttal p. 17; Surrebuttal p. 9.

26. If the Commission allows deferment of the FAC costs in Case No. ER-2023-0011, should that deferral be recovered in this rate case?

a) If yes, how would it be treated?

Position: No, the deferral request occurred after the true up date in this case.

F. What reporting requirements, in addition to the requirements of 20 CSR 4240-20.090 should Evergy Metro be required to provide?

1. Should Evergy Metro provide this information to OPC in addition to Staff?

Position: The Company agrees to continue to provide the monthly information as ordered in prior cases or as required within the Missouri Code of State Regulations. The monthly information provided as well as all semi-annual information provided is accessible by Staff and OPC. Nunn Rebuttal pp. 16-17; Surrebuttal p. 6.

VI. Fuel and Purchased Power

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

Position: Jessica Tucker explains the Company's method for calculating the appropriate level of variable fuel and purchased power expense. (Tucker Direct, pp. 3-20). The appropriate level is included in schedules 9 and 10 to Nunn Surrebuttal.

B. How should recent price volatility be reflected in the market prices used in the production cost models?

Position: See explanation in Tucker Direct, pp. 20-29.

C. What is the appropriate level of Sales for Resale Revenue?

Position: Evergy supports the Sales for Resale Revenue used by Staff. It disagrees with the proposed adjustment to Staff's number proposed by MIEC witness Meyer. (See Tucker Surrebuttal, pp. 4-6.)

D. How should the net cost of the Central Nebraska Public Power and Irrigation District ("CNPPID") hydro purchased power agreement ("PPA") be treated?

1. Should a normalized cost be included in the calculation of the fuel and purchased power costs of Evergy Metro's revenue requirement?

2. Should a normalized cost be included in the Evergy Metro fuel adjustment clause ("FAC") base factor calculation?

3. Should the actual CNPPID hydro PPA costs be included in Evergy Metro's actual accumulation period FAC costs?

Position: Yes, the CNPPID PPA should be included in the FAC base factor for EMM and adjusted in the FAC accumulation periods as described in the EMM FAC tariff. Nunn Surrebuttal, pp 7-8.

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

Position: On average, the natural gas price assumptions utilized by the Company in True Up were roughly 23% lower than the actual prices. As discussed in the Surrebuttal, the assumptions utilized in True Up for natural gas are based on 2023 – 2025 pricing. (Tucker Surrebuttal, pp. 8-9)

F. How should Evergy Metro's Ponderosa and Evergy West's Cimarron Bend III wind purchased power agreements be treated?

1. Should a normalized cost be included in the calculation of the fuel and purchased power costs of Evergy Metro and Evergy West's revenue requirement, respectively?

a) If yes, how should the amount be calculated?

Position: Yes, the revenues associated with the renewable energy program associated with these PPAs are included in the calculation of revenue requirement and thus the costs associated with these PPAs should also be included in base rates. Nunn surrebuttal, p. 10.

2. Should a normalized cost be included in the FAC base factor calculation for Evergy Metro and Evergy West, respectively?

Position: No, these PPAs are associated with the Renewable Energy Rider and are excluded from the base factor calculation.

3. Should the actual costs be included in Evergy's actual accumulation period FAC costs?

Position: No, these PPAs are associated with the Renewable Energy Rider and are excluded from the semi-annual updates.

VII. Transmission Expense and Revenues

A. Should the Transource incentives adjustment account for the cost of debt included with other Federal Energy Regulatory Commission (FERC) incentives? Should transmission revenues received from SPP OATT be reduced for the difference between FERC authorized ROE and the ROE granted in this case?

Position: No. When the FERC-authorized ROE is higher than the MPSC authorized ROE, the transmission revenues from other Transmission Customers that are being credited against the gross retail revenue requirement are greater than that which was calculated in the gross retail revenue requirement. Essentially, Missouri retail customers are credited back more than they have paid for the transmission assets. This crediting back of more revenue to Missouri retail customers than was built into their gross retail revenue requirement is an improper arbitrage by Staff which doesn't reflect the rates paid by Missouri retail customers to recover the transmission assets. The Company's adjustment should be used by the Commission so that the Company is afforded an opportunity to earn its authorized ROE. Flucke Surrebuttal, p. 3.

VIII. SERP

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

Position: The Company proposes a five year average as representative of this expense. Klote Rebuttal, pp. 24-25.

IX. Incentive Compensation:

A. Should the costs of Evergy's incentive compensation be included in base rates?

Position: Yes, the Company's incentive compensation plan is both appropriate and important to attract and retain the workforce necessary to serve our customers. If OPC's normalization proposal were adopted, the Company would be denied recovery of a legitimate cost of service. Klote Surrebuttal, p. 3.

B. What is the appropriate level of incentive compensation to include in rates?

Position: The Company agrees with Staff's approach in order to smooth annual fluctuations and will utilize Staff's 4-year average of incentive compensation in its True-Up filing. Klote Rebuttal, p. 11.

X. Kansas City Earnings Tax

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

Position: The Company believes that the amount of Kansas City earnings tax included in this case be computed in a similar manner for both companies and should reflect the amount will be due in the period when rates are set. Due to the timing of the completion of the 2021 Kansas City earnings tax return in October of 2022, the Company did not have the actual tax liability for Evergy Missouri Metro or Evergy Missouri West at the filing of direct testimony. However, the Company did compute an estimate for 2021 based on estimated 2021 taxable income. The estimated 2021 earnings tax expense (excluding any prior year true up expense) reflects a more accurate earnings tax expense and should be the amounts included in this case. Hardesty Rebuttal, p. 6.

XI. Bad Debt Expense

A. Should bad debt expense be grossed-up for the revenue requirement change the Commission finds for Evergy Metro and Evergy West in these cases?

Position: Yes.

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

Position: See Nunn West Direct, pp. 23-24; Nunn Metro Direct, pp. 20-21.

C. Should Evergy Metro and Evergy West institute a tracking mechanism for bad debt expense?

Position: Yes. The reason behind Evergy's request is simple and straightforward. Evergy Missouri Metro's accounts receivable balances have grown significantly since the beginning of the COVID-19 pandemic. The pandemic has had significant consequences on our customers creating unprecedented hardships for many. Evergy Missouri Metro witness Charles Caisley describes many actions taken by Evergy in response to the pandemic and outlines some of the resulting impacts on accounts receivable balances and collections. In response to concerns regarding the impacts to Evergy Missouri Metro of COVID-19, Evergy Missouri Metro filed in May 6, 2020 a request for accounting authority order to provide for the deferral of impacts from the pandemic. The Commission issued an order in response to that filing acknowledging the extraordinary nature of the COVID-19 pandemic and authorizing deferral accounting for the impacts but the deferral was only authorized through March 31, 2021. Due to the ongoing impacts of COVID-19 and the continued prevalence of elongated payment plans for customers and delays in and modifications made to customer disconnections, the remaining most significant exposure to be addressed is the likelihood that the elevated accounts receivable balances remaining on Evergy Missouri Metro's books will result in significantly higher bad debt expense in future periods than will be established in rates in this rate case. Due to the extraordinary nature of the COVID-19 pandemic and quite simply the unknown factors on how the pandemic will be resolved, it would not be appropriate for that likelihood of higher bad debt expense to be borne by the Company and ultimately its shareholders. Therefore, Evergy Missouri Metro is requesting the Commission grant its request for a Bad Debt Tracking Mechanism. (Ives Direct, pp. 14-16; Klote Direct, pp. 44-46)

XII. Dues and Donations

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

Position: The Company's level should be adopted as it removes certain types of dues and donations from the test year cost of service that relate to sponsorships or rotary memberships. Nunn Direct, p. 30.

B. What level of Edison Electric Institute expense should the Commission recognize in Evergy Metro's and Evergy West's revenue requirements?

Position: EEI membership dues provide access to services that assist the Company in providing more reliable and efficient services and provide benefits to Evergy Missouri Metro and Evergy Missouri West customers. They provide valuable forums and information-sharing for nearly every department in the Company including customer experience, security and preparedness, energy supply, human resources, legal and health and safety. The dues that support these benefits should be included in the Company's revenue requirement. Klindt Rebuttal, p. 3.

XIII. Rate Case Expense

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

Position: All prudently incurred rate case expense should be included in rates. (Nunn Metro Direct, p. 28; Nunn West Direct, pp. 32-33)

XIV. Depreciation

A. What depreciation rates should be ordered?

Position: The Commission should approve the depreciation rates as presented in the Company's Depreciation Studies. (Spanos Rebuttal at 17-18).

1. Should terminal net salvage be included in rates?

Position: Yes. (Spanos Rebuttal at 3, 9-18; Spanos Surrebuttal at 2-4). Depreciation principles as set forth in the USOA, authoritative depreciation literature, and the Commission require that net salvage is included in depreciation expense. (Spanos Rebuttal at 17-18). The exclusion of net salvage costs results in intergenerational inequity because future customers will be required to pay for the costs of retired assets that are no longer providing service. (Id.) Accordingly, Staff's and OPC's recommendations are inappropriate. (Id.; Spanos Surrebuttal at 2-4).

2. What should the reserve balances for steam production accounts be?

Position: The Commission should approve the reserve balances for steam production accounts as presented in the Company's Depreciation Studies. (Spanos Direct at 4-6 and Schedule JJS-1; Spanos Rebuttal at 25-26; Spanos Surrebuttal at 9-11).

3. What reserve balances should be used for purposes of determining depreciation expense for Evergy?

Position: The Commission should approve the reserve balances for determining depreciation expense as presented in the Company's Depreciation Studies. (Spanos Direct at 4-6 and Schedule JJS-1; Spanos Rebuttal at 25-26; Spanos Surrebuttal at 9-11).

B. What is the appropriate level of depreciation rates for the Wolf Creek nuclear generation? (Metro)

Position: See the rates proposed in Spanos Direct at pp. 4-6 and Schedule JJS-1.

C. What is the remaining net book value for the Montrose generating facility and how should it be treated?

Position: The Commission should approve the recovery of the net book value associated with the Montrose generating facility as presented in the Company's Depreciation Study. It reflects the most appropriate calculation of the net book value of Montrose's assets which EMW should be able to recover. (Spanos Direct at 4-6 and Schedule JJS-1).

XV. Rate Base

A. Should Evergy recognize any net operating loss as a reduction to rate base?

Position: No. The excess deferred income tax assets related to net operating losses should be included in rate base as an offset to deferred income tax liabilities (increasing rate base). The allocator for the plant related excess deferred income taxes for the Missouri rate change (including net operating loss excess deferred income taxes) has been updated to reflect the appropriate allocator for plant and net operating loss items. (Hardesty Surrebuttal, p. 9)

B. What level of costs related to the ONE CIS/CFP investments should be included in rate?

1. How should costs related to the ONE CIS/CFP investments be allocated to plant in service accounts among the related Evergy utilities?

Position: All prudently incurred costs related to the ONE CIS/CFP project should be included in rates. The many benefits of the project are described in the Surrebuttal Testimony of Forrest Archibald. The project costs are allocated to all Evergy utility entities based on customer counts. Klote Surrebuttal, p. 12.

C. Has Evergy met its burden of proof to permit recovery from ratepayers of capital and O&M costs proposed in the test year for Iatan Unit 1, Jeffrey Units 1-3, and La Cygne Units 1 and 2?

Position: Yes. Messamore Rebuttal, pp. 10-14.

XVI. Greenwood Solar Energy Center —

A. Should the Commission allocate any of the energy, capital costs, operating and maintenance costs, etc., attributable to the Greenwood Solar Energy Center between Evergy Metro and Evergy West?

1. If so, how should it be allocated?

Position: No. The Greenwood solar station provides power and other benefits exclusively to EMW's customers and does not benefit EMM. The solar plant is connected to a single circuit at the distribution level of EMW's electrical system and can only serve the load of customers on that circuit. Not a single electron produced by the Greenwood solar station will ever reach the EMM system. All energy produced by the system is for the benefit and use of EMW's customers.

In addition, the energy produced by the Greenwood station reduces EMW's load purchase requirement from the Southwest Power Pool ("SPP"). This reduces SPP load expense for the benefit of all EMW customers. As a result, the FAC charged or credited to EMW customers is lower because of the Greenwood solar station.

Since this small scale solar plant only serves EMW customers, no allocation is necessary. Ives Rebuttal, p. 15.

XVII. Revenues

A. Should the billing determinants developed by Staff or the billing determinants developed by Evergy serve as the basis for any further adjustments ordered in these cases?

Position: The billing determinants developed by Evergy should serve as the basis for any further adjustments ordered in this case. (Miller Rebuttal, pp. 2-8) However, based on Ms. Cox's rebuttal testimony, it appears that Staff recognizes that changes discussed in Ms. Miller's testimony will have a revenue impact. As such, the Company is willing to work with Staff on a common method provided the affected revenues and associated determinants are reflected in the final revenues and rate design, but Staff's proposal, as understood by the Company does not work. (Miller Surrebuttal, p. 3)

B. What methodology should be utilized to measure customer growth?

Position: The Company has used Customer/Bill Count as a proxy for customer count in all rate cases since 2014 – it is based on the number of unique service agreements in the billing system for each month. Staff used Customer Charge Count as a proxy for customer count in this case – it is based on the number of customer charges that are billed in the billing system each month. Staff has been inconsistent in its approach to customer growth in previous cases. (Miller Surrebuttal, pp. 4-5)

Additionally, in Staff's determination of customer growth, the time period typically utilized to determine customer growth was inconsistent in this case. Staff utilized November 2021 counts rather than December 2021, straying from its own typical practice presumably because the December 2021 customer counts were lower than previous months and would have resulted in lower normalized revenues. The Company used December 2021 Customer/Bill Counts which has been the consistent practice by both Staff and the Company in past cases.

The Company agrees with Staff on the importance of consistency in data utilized. The Company is willing to work with Staff in determining whether customer charge counts or Customer/Bill Count (service agreement counts) constitute the correct "customer count" in the normalization process; however, the Company does not agree with Staff:

- straying from the process by arbitrarily picking a different month to use as the anchor for an adjustment simply because the month dictated by the process produces lower Company revenues;
- being inconsistent in which determinant (Customer/Bill count

or Customer Charge count) to use for the customer growth adjustment, This inconsistency conflicts with the desire to maintain accuracy of the normalization and annualization processes which Ms. Cox mentions in her testimony and for all of the same reasons that she outlines. (Miller Surrebuttal, pp. 4-5)

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

Position: Yes. The amount of kWh a net metering customer uses and is billed in any given month is their actual usage, and that usage is weather sensitive like any other usage by non-net metered customers. Net metering is a billing function where a customer may consume their own generated energy and are paid a credit at the parallel generation rate for any power that is exported back to the system. The kWh provided to the customer is delivered to the customer and is not offset or adjusted by net metering. The kWh used by and billed to a net metering customer is impacted by the weather and therefore “weather sensitive” and should be adjusted for the impacts of weather. (Bass Surrebuttal, p. 4)

D. Should net metering and parallel generation customers be in a separate code by themselves?

Position: While the Company doesn’t necessarily agree with the specific recommended rate codes outlined by MPSC Staff as they are overly prescriptive, the direction and the spirit of the suggestions are very closely aligned with the Company’s plan as well. First, the Company has included in their Rate Plan, objectives that would eliminate end use rates. As part of these efforts, the Company has cleaned up and proposed the elimination of many old rate codes-much of which was included in the Direct Filing. Given the Company's Direct filing and on-going plans to continue clean up and rate alignment where/when possible, the Company recommends the Commission allow the Company to forge ahead with these/their own efforts since they appear to generally align with MPSC Staff's objectives to remove duplicative rate codes and eliminate end use rates/distinctions. (Miller Rebuttal, pp. 8-9; Miller Surrebuttal, p. 6)

E. Should the Company's proposal of the seasonal bill period for Evergy Missouri Metro be approved and if so, what revenue impact should be applied? (Metro Only)

Position: The Company completed a consolidation study, rate modernization plan, jurisdictional alignment review, and collected customer feedback to propose and support the following changes. These changes include seasonal alignment in the Metro service area. (Miller Rebuttal, p. 29) On page 7 of Ms. Cox's Direct testimony, she explains how she plans to adjust True up determinants and revenues to reflect the Company's proposal included in Direct to align the summer and winter seasons in Evergy Missouri Metro. (Miller Rebuttal, p. 3) The Company is open to collaborating with Staff regarding the best way to handle the substantial number of jurisdictional alignment changes to ensure they are included in the final revenues and determinants.

F. What if any further adjustments to revenues and billing determinants should be made for MEEIA Cycle 2?

Position: The Company adjusted its demand billing determinants to reflect the impact from customer participation in MEEIA and as measured by the Evaluation, Measurement and Verification ("EM&V") studies; however, Staff disagrees with this approach.

Evergy's MEEIA programs reduce both energy (kWh) and demand (kW) on the system. Without an adjustment, the calculation of the tariff rates will be inaccurate and Evergy will under recover revenue. Staff acknowledges this fact and does make an adjustment for energy but refuses to make an adjustment for demand. Ms. Winslow addresses Staff's concerns and criticisms in her Surrebuttal at pages 13-15.

If Staff is looking for a 100% "accurate" way of determining the impact of MEEIA programs to adjust demand billing determinants, it will not be found. Evergy has adjusted billing determinants in a fair manner based on data that has been studied and verified. Staff has no alternative method other than an adjustment of zero. The Commission should adopt the Company's position as it is the best way offered to account for changes in demand savings due to MEEIA participation. (Winslow Surrebuttal, p. 15)

XVIII. Rate Design/Class Cost of Service

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

Position: The Commission should allocate the revenue requirement among Evergy's customer rate classes as recommended by Evergy witness Marisol Miller. (Miller Direct, pp. 34-35)

The Company is requesting an annual aggregate increase over current revenues reflecting impacts before the rebasing of fuel for the fuel adjustment clause, in the amount of $27.7 million (3.89%). The aggregate annual increase over current revenues including the rebasing of fuel for the fuel adjustment clause is $59.8 million (8.31%).

Utilizing the results of the CCOS study, the Company is proposing that an increase of 10.84% be applied to Residential class revenues with a customer charge of $16.00. The $16.00 proposed customer charge is based on the results of the CCOS and is consistent with prior Commission approved customer charges. This proposed amount is below the recommended CCOS customer charge of $21.58 which represents the customer charge inclusive of the jurisdictional rate increase on an equalized basis. The Company opted to propose a lesser amount to help manage the impact to customers but hopes to make continued progress towards the equalized customer charge in subsequent rate cases, consistent with prior Commission approved customers charges. The proposed customer charge not only considers incremental progress towards the alignment of cost and 1 ratemaking, but also seeks consistency across its Missouri jurisdictions (Evergy Missouri West and Evergy Missouri Metro). The intention of the Company is to offer one customer charge with the same pricing across both its Missouri jurisdictions. The remaining revenue shortfall/increase was then applied equally to remaining Residential bill components.

For the remaining classes (with the exception of CCN), the Company applied approximately 75% of the jurisdictional rate increase or 7.05% for the Large Power Service class, 7.77% for Large General Service class, 6.39% for Thermal, 5.03% for Lighting, except the Small General Service class that where 50% of the jurisdictional increase or 4.30% increase was applied in consideration of the results of the Class Cost of Service study and the C&I class relative rates return. Generally, for the C&I classes, the Company attempted narrow the gap between how costs are incurred and how rates are designed and applied 125% of each class increase to the fixed cost rate components (i.e. customer charges and demand charges) and 75% to the variable cost rate components (i.e. energy charges). (Miller Direct, pp. 34-35)

B. What are the appropriate rate schedules, rate structures, and rate designs for the non-residential customers of each company?

<u>Position</u>: The rate schedules, rate structures and rate designs proposed by Evergy. (See Miller Direct, pp. 34-39; Lutz Direct, pp. 19-35; proposed tariffs)

C. For the Large Power Class should the Commission require the company to have voltage differentials for the winter seasonal energy charges? (West only)

Position: The Company is willing to differentiate the winter seasonal energy by voltage levels for LP customer in the service area of Evergy Missouri West.

D. What are the appropriate rate schedules, rate structures, and rate designs for the Residential customers of each utility?

Position: The appropriate rate schedules, rate structures and rate designs for the Residential customers are those prosed by EMM and EMW. (See Miller Direct, pp. 34-39; Lutz Direct, pp. 19-35; proposed tariffs).

1. What is the appropriate residential customer charge?

Position: The appropriate residential customer charge is $16 per month. (Miller West Direct, p. 34; Miller Metro Direct, p. 43)

E. What measures are appropriate to facilitate implementation of the appropriate default or mandatory rate structure, rate design, and tariff language for each rate schedule?

Position: Evergy favors giving customers more choice generally and more choice with respect to the rates. This is supported by voluminous research and study conducted over more than a year by Evergy and filed as part of this case. (Caisley Surrebuttal, p. 6)

Staff Witness Lange proposes that the TOU rate should be a default rate. The Company strongly disagrees based on our filed plans to continue with the existing three-period TOU rate as an opt-in, and we have proposed several rates and/or programs to expand customer choice. Witness Lange's brief reasoning for a default rate is not well supported and the Company is opposed to this default or mandatory rate structure.

F. Should the Company's proposed Time of Use rate schedules be implemented on an opt-in basis?

Position: Yes. See Winslow Direct, pp. 5-21; Winslow Rebuttal, pp. 2-11; Winslow Surrebuttal, pp. 23-33 ; Caisley Direct, pp. 18-24; Caisley Surrebuttal, pp. 17-22.

G. Should the Staff's proposed Time of Use rate schedules be implemented on a mandatory basis?

Position: No. See answer to previous question if subsection F.

H. Should the Commission order the Company to conduct a comprehensive study to determine how to offer Time of Use rates to all customers, including customers with net metered solar and other forms of distributed generation?

Position: No. The Company has already extensively researched and analyzed this question.

I. Should Staff's recommended data retention measures be ordered?

Position: No. Each of Staff's recommendations contain elements that seek to obtain granular levels of data on aspects of service that border on minutiae. For example, expenses by voltage, customers by voltage, and coincident peak bill determinants are data that does not generally exist within our record keeping in a manner that is readily available and usable for analysis. While on its face, data retention seems like a harmless recommendation, there are costs for each that are ignored. In some cases, software or data structures will need to be created and modified, in others, system interfaces may need to be built, and in all cases, there will be a need for Company personnel to devote time to monitoring and maintaining data quality. It is difficult to estimate the magnitude of these costs without explicit study, but for the purpose of assessing these recommendations here, these details should not be ignored. Further, when you view these recommendations in conjunction with other statements made in the Staff testimony, it signals a troubling Staff position developing toward class cost of service and rate design work. (Lutz Rebuttal, pp. 14-21)

J. Should the following updates be ordered for the compliance tariff filings in these cases?

a. Update MEEIA margin rates.

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

c. Update Community Solar distribution service rates.

d. Update Clean Charge Network rates, and other miscellaneous rate schedules to coincide with the overall ordered percentage increase.

<u>Position</u>: The Company agrees as appropriate for the individual tariffs. Some of the above are ties to values that are established in this case and some are on their own schedules.

K. Should the Commission order Evergy to meet with stakeholders related to its rate modernization plan within 180 days after the effective date of rates in this case?

<u>Position</u>: Evergy meets with stakeholders on a periodic basis and is not opposed to discussing the rate modernization plan with interested parties.

L. Should Evergy work to improve the education of its customers regarding the billing options and rate plans it has currently?

Position: Evergy strives to continually improve the education of its customers regarding the billing options and rate plans that it has currently.

XIX. Time of Use Education and Marketing

A. Should the Commission disallow $1 million in program/customer education costs for failure to comply with the terms of the non-unanimous stipulation and agreement from ER-2018-0145 and ER-2018-0146?

Position: No. OPC witness Marke recommends the Commission disallow $1M in program/customer education costs for both Evergy Metro and Evergy Missouri West in recognition of "Evergy's failure to comply with the terms of the non-unanimous stipulation and agreement." Dr. Marke provides absolutely no evidence that Evergy did not comply with the 2018 Rate Design S&A. Furthermore, as described in the 2018 Rate Design S&A, Evergy was authorized to defer for recovery prudently incurred program costs including marketing, education, EM&V costs and other costs to offer the TOU opt-in program. In Evergy's next rate case, which is this case, (Winslow Surrebuttal, pp. 31-32)

B. Should the Commission order Evergy to submit an open-source competitive request for proposal ("RFP") for a third party marketing and education campaign surrounding time of use ("TOU") rates as described in the rebuttal testimony of OPC Witness Geoff Marke page 15, lines 17-25?

Position: No. Evergy has educated its customers effectively on TOU. Evergy has presented evidence with stakeholders and the Commission since the 2018 Rate Case and through this filing on the success of our marketing and education plans for TOU rates. OPC or Staff has not demonstrated in this case that Evergy did not follow the Rate Design S&A with respect to TOU. (Caisley Surrebuttal, p. 22)

XX. Electrification Tariffs

A. Should Evergy's requested EV charging rates, Business EV Charging Service (Schedule BEVCS), and Electric Transit Service rate be promulgated?

1. With or without modification?

Position: Yes. The BEVCS rate will encourage customers to shift EV charging to off-peak times while better aligning the cost of charging EV with the cost causation from the grid. The rate offers customers potentially lower and more predictable fuel costs, which will help customers maximize operational savings of EVs. The rate will also allow Evergy to better understand where EV charging is occurring on the system, which will enable further load analysis to support grid management efforts at a time when EV adoption is expected to grow. The TOU rate mitigates adverse grid impacts from new EV charging load, while increasing grid utilization at off-peak periods. (Lutz West Direct, pp. 44-48; Lutz Metro Direct, pp. 42-49)

B. Should Evergy's proposed Commercial EV Charger Rebates be approved?

1. If yes, should there be any conditions placed on how the tariff is designed?

Position: Yes. Evergy West's proposed EVCS rebates should be approved. Evergy's proposed commercial rebate program and continued operation of the Clean Charge Network benefits all customers by:

- Accelerating the availability of public charging infrastructure;
- Ensuring charging services are available to a broader range of

customers than would be served by the proposed rebate program, which will be utilized by Investors who have a narrower range of business objectives, and

- Continuing to reduce range anxiety, increase EV adoption and moreover, increase electric sales to put downward pressure on rates for all Evergy customers. (Caisley Rebuttal, p. 44)

Evergy's tariff is properly designed and no changes need to be made to it.

C. Should costs associated with IHS market EV adoption study be disallowed?

1. If yes, how much of the costs should be disallowed?

Position: No.

XXI. Access to Customer Facing Information

A. Should the Commission order Evergy to develop means by which the OPC can access customer facing material and information currently locked behind a customer account login whether through the creation of simulated or anonymous account access or other means?

Position: No. First, it is not practical, cost-effective or acceptable from a business risk and financial reporting perspective to create a simulated account with manufactured customers and customer data including meters, usage, payments, etc. within our production billing system. It is not a proper business practice to create a simulated account within a platform actively used by the business for customer interactions, billing and financial reporting purposes. This request could easily create havoc with reporting and accounting processes. Further, this is a highly unusual request. We are not aware of anywhere in the U.S. where a regulatory stakeholder has requested and been granted access to a utility's customer-facing portals. Even if it could be done in our systems, the creation and management of those simulated accounts would pose significant cost to create and become a manual burden to the company (as there would be no natural flow of data for simulated customers, meters, accounts, etc.). (Caisley Rebuttal, p. 4)

Evergy has previously provided demonstrations of its Energy Analyzer and TOU digital tools with OPC. Evergy has previously offered to provide a scheduled demonstration of our customer portals to allow insight to different customer interactions and options on the web. It would still be a challenge to accommodate every different scenario that could possibly exist in our system, but with advanced notice of the critical items, Evergy could produce a thorough demonstration of the portals with actual customer data. (Caisley Rebuttal, p. 4)

XXII. Management Expense

A. What is the proper amount of management expense charges that Evergy should be allowed to recover?

Position: The Company should be allowed to recover all prudently incurred management expenses. Evergy has performed its own internal review of the expenses that it is seeking to recover and believes that these expenses are legitimate and should be recovered. (Busser Rebuttal, pp. 5-8)

XXIII. Pilot Programs

A. Solar Subscription Pilot

1. Should the Commission approve the changes to the Solar Subscription Pilot tariff?

   a) Which changes should be denied?

   b) Which changes should be accepted?

Position: Yes, the Commission should adopt Evergy West's Solar Subscription Tariff amendments. Consistent with the changes made to the Ameren program, the following are proposed:

- Convert the Solar Subscription Pilot Rider to a permanent program. With this change we would rename the program to "Solar Subscription Rider" and the Schedule designation from "SSP" to "SSR".
- Reduce the subscription threshold required to construct from 90% subscribed to 70% subscribed. Given the timeframe for approvals and subsequent construction after a 90% threshold is achieved, today customers have a long wait time for the process to complete. Reducing the threshold would shorten that period. It is realistic to expect that enrollment rates would achieve full enrollment by the time this process ends if it can start at lower threshold.
- Establish a threshold for shareholder responsibility of unsubscribed portions of the resource. The Company proposed to set the threshold at 50% where Evergy will bear full responsibility for unsubscribed, consistent with the Ameren

approach. Currently, Evergy is responsible for 75% of all unsubscribed amounts. (Lutz Direct, pp. 54-55)

B. Renewable Energy Battery Storage

1. Should the Commission approve the Renewable Energy Battery Storage Pilot tariff?

    a) If yes, what conditions should the Commission order related to that study?

    b) If no, should the Commission order Evergy to conduct a meta-study or literature review as an alternative?

Position: Yes, the Commission should approve Evergy West's proposed residential battery storage pilot study. This pilot will allow Evergy to advance its operational knowledge of behind-the-meter ("BTM") residential battery energy storage systems and evaluate opportunities to utilize the technology to produce customer savings and utility benefits.

The RBESP Pilot Program will evaluate the role of residential battery energy storage systems in producing customer savings and providing benefits to Evergy's electrical system. The pilot will consist of the installation of approximately 50 battery energy storage systems at residential sites across Evergy's Missouri jurisdictions with the goal of an equitable customer participation in the MO Metro and MO West service territories. The battery sizes targeted have a capacity of approximately 4.5 kW or 6kW and 19.4 kWh each. Evergy will evaluate battery sizes and select options that will closely align with the participant's load. (Winslow Direct, pp. 41-47)

C. Advanced Easy Pay

1. Should the Commission approve Evergy's pilot program called Advanced Easy Pay?

   a) If the Commission approves the Advanced Easy Pay pilot, what Chapter 13 and tariff variances should be approved?

<u>Position</u>: Yes. Advance Easy Pay is a payment plan similar to other industry commission-approved prepay programs in which residential customers can pay for electric usage in advance and add funding when and how they prefer with additional options and flexibility for account management. (Winslow Direct, p. 16)

The Commission should approve the Chapter 13 and tariff variances requested by the Company. (Winslow Direct, p. 23) A more detailed list of the waivers can be found in the cover letter to this case and provided in Winslow Direct, Schedule KHW-1.

D. Subscription Pricing Pilot Program

1. Should the Commission approve the proposed Subscription Pricing Pilot Program?

<u>Position</u>: Yes. Subscription pricing provides customers with a tailored and entirely fixed bill for their electricity service. Customers are offered a monthly fixed bill amount that is based on their historical usage and that monthly bill remains unchanged for a one-year term. At the end of the one-year term, customers do not face any true-ups or adjustment charges for that year. In this sense, it is similar to the simple form of billing that consumers have become familiar with for services such as television and music streaming, gym memberships, and cell phone data plans.

Subscription pricing provides several benefits to customers:

1) Simplicity and transparency: Subscription pricing is the simplest way for customers to pay for electricity as it does not require an understanding of detailed bill line items or complex rate structures. Customers know exactly what they will pay every month, with no surprises.

2) Predictability: By removing month-to-month variation in customer bills, and by making the bill amount known in advance, subscription pricing improves customers' ability to budget for household expenses each month. Customers do not have to worry about unanticipated spikes in their monthly bill due to extreme weather, or a true-up at the end of the term.

3) Choice: Subscription pricing offers customers a unique value proposition. It will appeal to a subset of customers who are attracted to its simplicity and predictability. The inclusion of subscription pricing as a voluntary option in a diverse portfolio of attractive products is a customer-centric approach to rate design. The Direct Testimony of Kim Winslow further discusses how subscription pricing fits into the suite of rate choices included in Evergy's Rate Modernization Plan. (Hledik Direct, pp. 4-24)

4) Subscription pricing is an innovative, relatively new trend in residential rate design, and an exciting opportunity for Evergy's customers. It is a unique new rate choice that emphasizes simplicity, transparency, and predictability. It is expected to customers who want to remove the element of "surprise" from their electricity bill, and who benefit from its predictability for budgeting purposes. If approved, Evergy's subscription pricing offering can and should be a platform for facilitating achievement of the company's and state's energy goals. (Id. at 24)

2. Should the Commission grant Evergy's request for variances to Chapter 13.020 Billing and Payment Standards, which the Company states is needed to implement Evergy's proposed Subscription Pricing Pilot Program?

Position: Yes. The Commission should approve the Chapter 13 and tariff variances requested by the Company. (Winslow Direct, p. 23) A more detailed list of the waivers can be found in the cover letter to this case and provided in Winslow Direct, Schedule KHW-1.

3. Should the Commission disallow costs related to consultant fees associated with Evergy's Subscription offering?

Position: No. The consultant fees associated with Evergy's Subscription offering were prudently incurred expenses and should be recovered in rates.

E. Low-Income Solar Subscription Pilot Program Issue

1. Should the Commission approve the Low-Income Solar Subscription Pilot Program as proposed by the Company, through the 1 MWac portion of the 10 MWac solar resource that is to be built?

<u>Position</u>: Yes. The Commission should approve Evergy West's proposed low-income solar subscription program. The purpose of the LI Solar Subscription Pilot Program is to provide clean energy access at an affordable and stable rate to underserved customers who otherwise might not be able to participate in renewables programs. Historically, solar energy offerings have been a premium product for customers who directly wanted to participate in accessing renewable energy. Evergy proposes to offer the LI Solar Subscription Pilot program with other Evergy programs that provide economic support to this demographic of customers. The program has also been designed so that it does not create cross-subsidization challenges with non-low-income customers. (Winslow Direct, pp. 33-41)

The Commission should not order he LI SSP to include a shareholder cost-sharing mechanism for unsubscribed portions of the solar resource with a 90% cost burden for shareholders. This proposal exceeds the statutory authority of the Commission.

a) If so, should the Commission order the shareholder cost-sharing mechanism for unsubscribed portions of the solar resource with a 90% cost burden for shareholders as proposed by OPC?

b) If so, should the Commission order the Company to modify it as proposed by Renew Missouri?

c) If yes, what other conditions or modifications should the Commission order for the program?

Position: The Commission should approve the LI SSP as proposed by Evergy without further conditions or modifications.

XXIV. Voltage Optimization Study

A. Should the Commission order Evergy to issue a request for proposals for an independent, third-party consultant to conduct a study in calendar year 2022 of its distribution system designed to gauge the costs and benefits of a voltage optimization program in Evergy's service territory?

Position: No. A study is Voltage Optimization Study is not necessary. The Companies are capable of performing an internal study of the costs and benefits of voltage optimization and already planned to do so in support of further refinement of its Advanced Distribution Management System roadmap. Additionally, if such a study were performed externally, the Companies do not believe the timeline OPC has proposed (before March 1, 2023) would be sufficient for completion given time needed for the request for proposal, vendor selection, and the study itself. Messamore Surrebuttal, pp. 19-23.

B. Should Evergy be ordered to select a consultant based on ranked majority voting from Evergy, Staff and OPC to have the cost/benefit study performed?

Position: No. See above.

XXV. Value of Lost Load Study

A. Should Evergy be required to engage with interested stakeholders at least twice for input regarding the scope, methodology, questions and goals of a value of lost load study that will inform recommended changes to Evergy's Emergency Conservation Plan Tariff sheet, to be filed no later than July 2023?

Position: No. Dr. Marke recommends the Company perform a Value of Lost Load Study ("VOLL") and recommend changes to the Company's Emergency Energy Conservation Plan Tariff sheet before July 2023. The Company does not believe this study would be applicable to the need being addressed by the tariff revisions. The revisions proposed to the Emergency Energy Conservation Plan are intended to allow Evergy to respond to emergency conditions identified by the Southwest Power Pool ("SPP") and take steps to ensure the stability and availability of the electric grid. The actions anticipated in the Emergency Energy Conservation Plan and its associated Load Management and Manual Load Shed Plan are time sensitive and not appropriate for cost/benefit analysis. (Lutz Surrebuttal, pp. 2-7)

XXVI. Tariff Revisions

A. Should the Commission approve the Companies' proposed revisions to the Market Based Demand Response program tariff, or should the Commission order Evergy to cancel their currently effective MBDR tariff sheets and update the related curtailment tariff sheets in accordance with the OPC's recommendations?

Position: No. One of the arguments presented by OPC witness Seaver for discontinuing the MBDR tariff is that no customers have participated in the tariff since enactment of the tariff. When the MBDR tariff was enacted in 2018, customers were required to have a minimum demand response potential of 1 MW. This threshold limits participation to larger commercial and industrial customers. Therefore, Evergy believes this threshold serves as a barrier to participation and has taken steps to address this concern by requesting to lower the threshold to 100 kW in this case. Lowering the threshold for participating will ensure that a greater number of customers are eligible to participate.

The second argument presented by Mr. Seaver is that the goals of the MBDR program can be achieved by “free-market” competition, in effect, allowing third-party aggregators to operate in Missouri.

There are two primary main reasons to believe that conditions have changed since 2018. First, we’ve seen a marked increase in wholesale market prices over the last 1-2 years. Price increases can be attributed to extreme weather events, a strong increase in global prices for natural gas, as well as a growing dependence in SPP on intermittent wind generation, which can create market volatility when wind patterns change. Second, we believe that inflationary and economic pressures will create greater interest by customers seeking to reduce electricity costs. (Winslow Rebuttal, pp. 19-23)

B. What, if any, changes should be made to Evergy’s DER interconnection tariff?

Position: Staff appears to support the proposed changes to the DER interconnection tariff, but also recommends the Company add language detailing the timelines for application review and response and clarify the applicability of fees to interconnections greater than or equal to 100 kW. Evergy agrees with this Staff recommendation. (Lutz Surrebuttal, p. 7)

C. What, if any, changes should be made to Evergy's net metering tariff?

Position: Evergy witness Brad Lutz discusses acceptable changes to the Net Metering tariff. (Lutz Surrebuttal, pp. 12-14)

D. What, if any, changes should be made to Evergy's Emergency Energy Conservation tariff?

Position: Evergy supports the changes to the Emergency Energy Conservations tariff proposed by Staff witness Claire Eubanks. (Lutz Surrebuttal, pp. 2-7)

E. Should Evergy retain the word "pilot" in its Economic Relief Pilot Program tariff?

Position: Evergy is willing to accept the position of Staff to retain the word "pilot" in the name of the program.

XXVII. Low Income Eligible Weatherization Program ("LIWAP") and other low income programs

A. Should the LIWAP funding amount be changed?

Position: The Company believes the current amount of funding is appropriate.

B. Should the Commission approve the transfer of approximately $1 million in unspent program funds to the Dollar Aide program?

Position: Yes. Evergy is seeking approval to transfer approximately $1 million of unspent IEW program funds ("roll-over funds" or "funds") to its Dollar-Aide program. The specific dollar amount is yet to be known, as this will depend on IEW programmatic activity in 2022 and will include unspent funds that have been accumulating since our last rate case (May 2018) through this current rate case completion. These funds will remain available through the Dollar-Aide program until depleted.

C. Should the Commission approve the proposal to transfer the unspent program funds to Dollar Aide on a reoccurring annual basis?

<u>Position</u>: Yes. Evergy requests approval to establish a process to annually roll-over excess funds, allowing annual unspent IEW funds to be applied to Dollar-Aide to avoid potential similar situations of roll-over budget accumulations. Both the Dollar-Aide and IEW Evergy programs are offered on a calendar year basis and the transition of funds, if needed, would be timely and aligned. (Winslow Direct, pp. 65-68)

D. If the Commission does not approve the unspent funds transfer, should the Commission approve Staff's recommendation of supplementing half of the annual program funds with an equal amount of the unspent funds each program year until the balance is utilized?

<u>Position</u>: No.

E. Should the Commission order Evergy Metro's Customer Service Representatives to ask for consent from customers struggling to pay their bills to forward the customers' contact information to the relevant Community Action Agency so that a representative from an Agency may contact the customers about weatherizing their home free of charge and provide other assistance if the customers are eligible?

<u>Position</u>: Yes. This proposal is reasonable. Winslow Surrebuttal, p. 4.

F. Should the LIWAP tariff be modified to allow up to 50% of funding to be allocated to administrative duties such as marketing, employee training, new hires and/or maintaining existing employees to perform weatherization services until the influx of federal funding devoted to weatherization is spent down or the Company's next rate case?

Position: The Company does not believe this modification is appropriate.

G. Should the Commission order Evergy to create a Critical Needs Program consistent with the Critical Needs Program the Commission approved in Case Nos: GR-2021- 0108, ER-2021-0240, GR-2021-0320, and ER-2021-0312?

1. If so, should the Commission order annual funding of $600,000, with funding split 50/50 between customers and shareholders, and with unspent funding allocated to Evergy's bill assistance program?

Position: No. Evergy believes that the proposed Critical Needs Program would be largely duplicative of existing programs offered by the Company. (Caisley Rebuttal, pp. 33-38)

H. Should the Commission order Evergy to create a Rehousing Pilot Program consistent with the Rehousing Pilot Program the Commission approved in Case No: ER-2021-0240?

1. If yes, should the Commission order annual funding of $500,000, with funding split 50/50 between customers and shareholders?

Position: No. Evergy believes that the proposed Rehousing Pilot Program would largely duplicative existing programs. (Caisley Rebuttal, pp. 33-38) OPC witness Dr. Marke has not provided any research to support the Rehousing Pilot Program. He has not demonstrated how these programs differ from other programs that Evergy currently offers; nor has he demonstrated that Evergy's current programs and services are not meeting the needs of the targeted customers for these two proposed programs. Additionally, with the millions of dollars still available through ERAP, it would not be a prudent use of dollars to layer on new programs. (Caisley Rebuttal, pp. 30-38)

XXVIII. Universal Customer Service

A. Should Evergy be required to file its plan for Universal Customer Service with the Commission including details as to how its Universal Customer Service Plan will not result in diminished service to Missouri customers and also indicate what controls the Company will have in place to ensure adequate service to all its regulated customers?

Position: No. Evergy believes its customers will be served most efficiently and effectively by having all our representatives capable of assisting all customers. This is the model Evergy Missouri Metro and Evergy Missouri West used prior to the merger and continues to use today (Kansas and Missouri calls are both handled in the same contact center). Customer service representatives are thoroughly trained on the differences between jurisdictions and have the tools to ensure callers are served based on the state or jurisdiction that applies to them. (Caisley Rebuttal, pp. 23-25) There is no need for the filing of Universal Customer Service Plans.

XXIX. Customer Privacy

A. Should Evergy proactively notify customers when it makes changes to its Privacy Policy including identifying what the changes are?

Position: No. The Company has evaluated how to notify users of its websites, systems, or applications and determined that the updating the "effective date" of the Privacy Policy is least complicated and most efficient mechanism to notify users. This is consistent with how Policy changes are managed by other electric utilities in the state. Lutz Surrebuttal, p. 18

B. Should Evergy's Privacy Policy reference the Commission's Rule 20 CSR 240-20.015(2)(C) within the Policy Section: When Do We Share Your Information?

Position: See below.

C. Should Evergy's Privacy Policy clearly state that the Company does not assume ownership of its Customer' Data?

Position: The Company believes Evergy's Privacy Policy posted on its website already explains to customers how their information is shared with Evergy affiliates, subsidiaries, and service providers consistent with applicable law including the Commission's rule. Providing a cite to the rule is not expected to provide any additional information to the customer. Lutz Surrebuttal, p. 18.

XXX. Injuries and Damages

A. Should insurance settlement reimbursements received by Evergy Metro be included in developing an ongoing level of injuries and damages expense?

Position: No. EMM has far under recovered costs for injuries and damages and should not be penalized for reimbursements collected from insurance sources that are over three years old. Nunn Rebuttal, pp. 7-8.

B. Should normalized injuries and damages expense be developed using the Company proposed three-year average?

Position: Yes. The Company's three-year average provides the correct amount due to the fact that it has typically paid out more than has been collected in rates. Nunn Rebuttal, pp. 7-8.

XXXI. Annual Surveillance Report (Metro only)

A. Should Evergy Metro discontinue the annual surveillance report?

<u>Position</u>: Yes. The Company already provides the same information contained in the Annual Surveillance Report in a quarterly report. There is no reason for this duplication of effort to continue due to the quarterly report information that Staff receives. Nunn Surrebuttal, pp. 14-15

XXXII. Jurisdictional Allocations (Metro only)

A. Should the Commission approve the continued use of the 4 CP methodology in determining demand allocation factors for the corresponding applicable jurisdictions in this case?

<u>Position</u>: No. The Commission should approve Evergy Metro's proposed allocation methodology in determining demand allocation factors for the Missouri and Kansas jurisdictions in this case. (Wolfram Direct, pp. 4-22; Wolfram Rebuttal, pp. 2-8; Wolfram Surrebuttal, pp. 1-10.

B. Should the Commission approve Evergy Metro's proposed allocation methodology in determining demand allocation factors for the Missouri and Kansas jurisdictions in this case?

<u>Position</u>: See answer to XXXII A. above.

C. Should Evergy Metro be allowed to defer to a regulatory asset the excess off-system sales net of fuel and purchased power returned to customers through the FAC related to Winter Storm Uri that occurred due to differences in jurisdictional allocators used by Kansas and Missouri?

1. If so, what amount should Evergy Metro be allowed to defer?

2. Should rates include an amortization of this deferral and what period should the amortization be determined over?

<u>Position</u>: Yes, since customers received credits for off-system sales revenues that were not received by EMM, the Company proposes to defer \$5.4M to a regulatory asset account and amortize it over four years in the true-up revenue requirement in this rate case proceeding. Klote Rebuttal, p. 21.

XXXIII. Lake Road Plant electric/steam allocation factors (West only) –

A. Recognizing that Evergy West's Lake Road Plant simultaneously serves both electric and steam customers, what factors should the Commission use to allocate total rate base, expenses, and revenues to its electric customers?

Position: The Company's proposed allocation factors are contained in Schedule RAK-6, attached to the direct testimony of Ronald Klote.

XXXIV. Payroll Overtime

A. What level of payroll overtime should be included in rates?

Position: The Company believes a 3-year average adequately addresses fluctuations over time and is consistent with past overtime calculations used for the payroll adjustment. Klote Rebuttal, p. 4

B. Should an escalation factor be applied to overtime?

Position: Yes. In order to obtain a true overtime cost value to be applied to the revenue requirement in this case, an escalation factor of prior period amounts must be developed and applied to prior period overtime dollars that are used in the calculation of averages. Klote Rebuttal, p. 5

C. Should the O&M ratio reflect an average of multiple years or the last known O&M amount for calendar year 2021?

Position: The Company believes that a capitalization ratio should be built on multi-years and not just a single period in time as proposed by Staff. The capitalization rate does increase and decrease over time. The Company proposes to include the latest period available through the true-up of May 31, 2022 and include a multi-year average covering the period from 12-months ending December 31, 2020, Test Year 12-months ending June 30, 2021, and the True-Up 12-months ending May 31, 2022. Klote Rebuttal, p. 7

XXXV. Cash Working Capital:

A. What is the appropriate expense lag days for measuring Evergy's Missouri income tax lag for purposes of cash working capital?

Position: 38 days. Adams Direct, p. 14.

B. What is the proper calculation of income tax balances within Cash Working Capital ("CWC") to offset rate base?

Position: The Company disagrees that the income tax payments should be removed from the CWC calculation.

XXXVI. Property Tax:

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

Position: The method proposed by the Company and the Staff which uses a ratio of the 2021 property tax expense divided by the applicable property at the beginning of 2021 times the amount of property at the beginning of 2022 has been approved by the Commission in all of the most recent rate cases, including ER-2018-0145 and ER-2018-0146. This ratio method estimates the amount of property taxes due in 2022 based on historical property tax rates and known property balances at the beginning of the year. This ratio method provides a more accurate representation of current year property taxes based on known and measurable plant balances at January 1, 2022. Hardesty Rebuttal, p. 7

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

<u>Position</u>: The difference between the actual property tax expense incurred and the property tax expense amount used in setting rates in the most recently completed general rate case proceeding (base rates) will be deferred into a regulatory asset or liability account. The regulatory asset or liability account balance will be included in the company's subsequent general rate proceeding through an amortization over a period of time set by the Commission. The unamortized regulatory asset or liability account balance will also be included in Rate Base used to establish the revenue requirement in the rate case. Hardesty Direct, p. 13.

XXXVII. Income Taxes

A. How should the General Business Credits ("GBC") carryforward by Evergy Metro be treated?

1. Should any portion of the accrued GBC carryforward utilized be used to offset the tax expense to be collected through Evergy Metro's rates?

2. Should any portion of the accrued GBC carryforward be included as a reduction to Evergy Metro's rate base?

<u>Position</u>: A. The GBC carryforwards utilized should not be included as an adjustment to the income tax expense computed in cost of service and the total GBC carryforward amount should not be a reduction to rate base. (Hardesty Surrebuttal, pp. 2-4)

A.1. No. Customers have received the benefit of the GBC as generated and should not receive the benefits again as they are utilized. (Hardesty Surrebuttal, pp. 2-3).

A.2. No. The GBC carryforward represents credits that have not been utilized by the Company to offset its tax liability and it is not appropriate to reduce rate base when the Company has not received a tax benefit yet. (Hardesty Rebuttal, p. 5)

B. Should there be any income tax adjustment to offset the Sibley AAO?

1. Should the income tax expense associated with tax loss generated on the retirement of the Sibley station offset the Sibley AAO?
2. Should the deferred income taxes associated with the retirement of the Sibley station offset the Sibley AAO?
3. Should the excess deferred income taxes on the retirement of the Sibley station offset the Sibley AAO?

Position: B. No. Including any income tax adjustments to offset the Sibley AAO would double count the tax benefits or leave the Company without funds to pay the deferred income taxes due to the government in the future on this item. (Hardesty Surrebuttal, pp. 4-7).

B.1. No. The income tax expense on the tax losses is already appropriately included in the income tax expense calculations and should not be included again as an adjustment to the Sibley AAO. (Hardesty Surrebuttal, pp. 4-5)

B.2. No. The deferred income taxes represent a liability owed to the government which will need to be paid in the future and it is not appropriate to reduce the Sibley AAO. (Hardesty Surrebuttal, pp. 5-6).

B.3. No. The excess deferred income taxes are already included as an adjustment to the income tax expense calculation and should not be included again as an adjustment to the Sibley AAO. (Hardesty Surrebuttal, pp. 5-6).

C. Should the deferred income taxes associated with tax losses claimed on IRS Form 4797 from 2018-2020 be used to offset deferred taxes for net operating losses in rate base?

1. If included, should the method and period for the amortization of excess deferred income taxes for net operating losses be changed?

Position: C. No. It would not be appropriate to offset the deferred income taxes related to net operating losses in rate base with an adjustment for deferred income taxes on the tax losses since the amounts in question are excess deferred income taxes for net operating losses and not deferred taxes on net operating loss carryforwards. (Hardesty Rebuttal, pp 3-4)

C.1. If the excess deferred taxes for net operating losses are removed from rate base by this adjustment, the amortization of excess deferred income taxes included the income tax expense calculated should also be revised to reflect the adjustment. (Hardesty Rebuttal, pp 3-4).

XXXVIII. Late Fees

A. Should Evergy's late fee be reduced from 0.5% to 0.25%?

Position: Evergy is still reviewing OPC's request to reduce the late fee which was made in surrebuttal testimony.

B. Should Evergy's website be updated to explicitly state all Commission-approved fee amounts and should those amounts be easily accessible by using the Company website's search engine?

Position: Evergy's website does provide access to its tariffs where all Commission approved fee amounts are located.

XXXIX. J.D. Power Customer Satisfaction Reports & 5-year roadmap of executable increments filings

A. Should Evergy be required to file its future annual Company-specific J.D. Power Reports (not just the scores) as well as the Company's five-year roadmap of executable increments in this docket together with memoranda that detail how Evergy is improving its relationship with customers in light of the J.D. Power Report scores of Evergy relative to its peers, as well as its relative rank across the United States, and specifically as it pertains to its cost of service by December 31 (including 2022) of each applicable year new rates are in effect?

Position: No. There is no rule or requirement that public utilities file such information with the Commission and there is no need for this requirement.

XL. Storm Reserve

A. Should the Commission establish a storm reserve for Evergy Metro and Evergy West?

Position: Yes. the Company is requesting a storm reserve to be used to mitigate the impact of sporadic storms that are likely to occur and have a significant financial impact on the Company. (Ives Direct, p. 16)

A storm reserve is a systematic method to collect revenues from customers to be set aside and used for extraordinary storm Operating & Maintenance ("O&M") expenses. Any non-labor O&M costs above $200,000 would be charged against the reserve. The adequacy of the reserve could be reviewed at each rate proceeding. The storm reserve benefits customers by smoothing out major storm expenses year-over-year to be recovered in rates. This smoothing of storm expenses will create less rate volatility from rate case to rate case. The nature of storms creates volatility in expense, and a reserve will help to smooth the cost of these events in rates for customers. The Company receives a benefit from this mechanism because there is a smoothing of storm expenses from an operating perspective. By recording a levelized expense amount on a monthly basis in a storm reserve liability account, storm expenses can be charged against this liability when they occur. This creates less volatility in earnings associated with these significant storm events. (Akin Direct, pp. 22-23)

The storm reserve will be used to levelize expenditures associated with significant storms benefitting both the customers through reduced rate volatility and benefiting the Company by lessoning the financial burden impact through a smoothing of month to month storm expenditures associated with the unpredictable but likely significant storm events. Storms are a normal occurrence in our service territory. When they occur they can be quite devastating in many ways and have a significant financial cost impact on the utility. The utilities focus and number one priority at the time of significant storms should be in restoring customer services that have been impacted by outages. The use of a storm reserve allows the company to do just that and focus on service restoration and not on the current financial implications since these costs will be spread over time instead of the constant sporadic and unpredictable uptick in costs when storms arrive (Klote Direct, pp. 38-39)

XLI. Prospective Tracking

A. What period of time should prospective tracking be measured, through the true-up period May 2022, or through the estimated implementation of rates, November 2022?

Position: The prospective tracking should be measured beyond May 2022 since these amortizations are known- there are no new charges altering the balances. Including balances to November will allow for a quicker return to customers and will simplify the accounting needed for the list of prospectively tracked assets and liabilities. (Nunn Rebuttal, p. 15)

XLII. Uplight

A. Should the Uplight transaction be excluded from Evergy Metro's and Evergy West's cost of service?

1. If not, should the costs of the Uplight transaction be allocated to Missouri and Kansas?

Position: No. All prudently incurred costs should be recovered in rates. Uplight provides comparable digital product solutions to Oracle OPower for residential customers and enhanced digital solutions for business customers not available from Oracle OPower. In addition, Uplight provides significant additional functionality, including a mezzanine layer of software that is designed to reduce software deployment cycles, reduce operational cost and enable significantly easier integration with other software solutions and providers. Thirdly, Uplight's product suite includes solutions (for example, Marketplace, Orchestrated Energy, Business Customer Solutions) either not available in Oracle OPower's current portfolio and/or are not currently included in our contract with Oracle OPower. Finally, the way that the Evergy's contract is constructed with Uplight, customers receive the benefit of an industry-leading set of solutions up front as well as access to everything Uplight develops over the term of the contract.

In short, Evergy determined that the long-term product strategy of Uplight was unique in the industry and aligned with Evergy's enhanced customer experience strategy and ability to reduce costs. Uplight redefines how customer-facing solutions interact with our CIS, enabling the rapid deployment of a more secure, comprehensive and integrated set of best-in-class customer solutions while the ability to capitalize the software at a lower overall cost to Evergy customers. (Caisley Rebuttal, p. 50)

The Uplight costs benefit both Missouri and Kansas and should be appropriately allocated between the states.

XLIII. Streetlighting (West Only)

A. Should language be added to Evergy West's Municipal Street Lighting Service Tariff providing that streetlights installed by a city contractor or a city-approved developer shall be deemed to be owned by Evergy, after inspection and approval by the Company, and shall not be subject to additional installation or structure charges?

Position: No. See Lutz Rebuttal, pp. 9-13. If the Company adopted the approach recommended by the City of St. Joseph, then Evergy Missouri West would need to have personnel available to inspect and approve compliance with applicable material and construction standards, potentially across its approximately 28,000 square mile combined service territory. The Developer Installed approach was practical in a limited deployment like the City of St. Joseph where its approximately 45 square miles could be traversed by Company employees in minutes to complete inspections and where the local utility could maintain relationships with limited number of Developers performing the work. If deployed in the entirety of Evergy Missouri West or to the extreme, all of Evergy's combined jurisdictions, the commitment of resources to execute these inspections to ensure quality control would become excessive and increase the cost of providing lighting service. Current streetlighting rates do not include recovery of these levels of cost and would need to be increased if the Developer Installed approach is allowed. The Commission should reject the request of the City and recognize the inefficiencies associated with a providing this benefit to the City. (Lutz Surrebuttal, pp. 32-33.)

B. Should language be added to Evergy West's Municipal Street Lighting Service Tariff providing that no "Optional Equipment" charges in Section 4.0 or 5.0 of Municipal Street Lighting Service Tariff will be charged to streetlight facilities which are deemed to be owned by the Company and installed by a city or its contractor, or by a developer of a city-approved development?

Position: No. See Lutz Rebuttal, pp. 9-13.

C. Should the Company be required to remove from its rate base streetlights that were installed by city contractors or city-approved developers?

Position: No. See Lutz Rebuttal, pp. 9-13.

D. Should the Company be required not to charge the City of St. Joseph for breakaway bases, undergrounding and other "Optional Equipment" charges under Sections 4.0 and 5.0 of the tariff for streetlights that were installed by city contractors or city-approved developers?

Position: No. See Lutz Rebuttal, pp. 9-13.

XLIV. Schedule SIL

A. Has Evergy imprudently implemented Schedule SIL in combination with the requirements contained within the Commission approved Stipulation and Agreement in Case No. EO-2019-0244?

Position: No.

B. What is the appropriate revenue requirement adjustment in this case related to Evergy's implementation of Schedule SIL?

Position: No adjustment is warranted. The costs to serve Nucor under the SIL have been tracked appropriately and the SIL Tariff rate revenue received from Nucor more than covers the cost to provide service. (Lutz Rebuttal, p. 2)

C. Should Evergy have identified and removed costs of load imbalances attributable to Schedule SIL service in this rate case?

Position: No. Staff's analysis showing the existence of unrecovered load imbalance contained errors and flawed assumptions. As explained by Evergy Missouri West witness John Carlson, errors in the hourly data provided by Evergy Missouri West combined with an error by Staff in the choice of SPP load node used to determine locational marginal price for wind energy used to serve Nucor resulted in material underestimation of the revenue from the Cimarron Bend III renewable resource. For the customer event balancing, Staff utilized the wrong number of hours as a threshold and relied on a setpoint approach to estimate a potential imbalance. Despite expected issues with accuracy, the setpoint approach assumed a single, static load for all hours instead of a fluctuating load more representative of the actual Nucor load. The overall impact of these corrections results in an estimated financial benefit to customers from the SIL contract. (Lutz Rebuttal, p. 8)

D. Should Evergy be required to keep records of the finite expected hourly load of Schedule SIL customers included in the EMW SPP day-ahead commitments?

<u>Position</u>: No**.** Early in the interactions with the Nucor operations staff, it became understood that daily load projections suitable for operational monitoring could not be produced because of hour-to-hour changes in load projections. For example, while a load projection was being documented and shared, the projections would change reacting to start-up conditions. The pace of possible load change from hour to hour was problematic. After reviewing the Schedule SIL tariff and the Stipulation from the EO-2019-0244 case, Evergy Missouri West relied on the fact that Nucor load was to be monitored and tracked as part of the overall Evergy Missouri West load. This, in addition to steps taken as part of the Evergy Missouri West Day-Ahead load forecasting and Nucor cost tracking to remove all Nucor usage from the Fuel Adjustment Clause at a rate that includes both Day-Ahead and Real-Time amounts, provided Evergy Missouri West comfort that the operations of Nucor were not impacting other customers, consistent with the goals of the ratepayer protections. (Lutz Rebuttal, pp. 5-6)

XLV. Reporting Requirements

A. What, if any, reporting requirements should the Commission order related to reliability?

<u>Position</u>: The additional reporting requirements proposed by Staff are duplicative of the Company's existing reporting requirements and therefore should not be adopted by the Commission. Akin Surrebuttal, p. 9.

B. What, if any, reporting requirements should the Commission order related to PISA investments?

<u>Position</u>: No additional reporting requirements are needed as S.B. 745 already contains similar PISA investment reporting requirements. Akin Surrebuttal, p. 10.

Respectfully submitted,

/s/ Roger W. Steiner

Roger W. Steiner, MBN 39586
Phone: (816) 556-2314
E-mail: roger.steiner@evergy.com
Evergy, Inc.
1200 Main – 16th Floor
Kansas City, Missouri 64105
Fax: (816) 556-2110

Karl Zobrist, MBN 28325
Jacqueline M. Whipple, MBN 65270
Dentons US LLP
4520 Main Street, Suite 1100
Kansas City, MO 64111
Phone: (816) 460-2400
Fax: (816) 531-7545
karl.zobrist@dentons.com
Jacqueline.whipple@dentons.com

James M. Fischer, MBN 27543
Fischer & Dority, P.C.
Phone : (573) 353-8647
Email : jfischerpc@aol.com
101 Madison—Suite 400
Jefferson City, Missouri 65101

Attorneys for Evergy Missouri Metro and Evergy Missouri West

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was served upon counsel for all parties on this 22nd day of August 2022, by either e-mail or U.S. Mail, postage prepaid.

/s/ Roger W. Steiner

Roger W. Steiner