Exhibit No. 5

Evergy – Exhibit 5
Ronald A. Klote
Surrebuttal Testimony
File No. EU-2020-0350
Sept. 4, 2020

EXHIBIT NO.

5

Exhibit No.:	
Issue:	Items for Deferral Under AAO
Witness:	Ronald A. Klote
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Evergy Metro, Inc. and Evergy Missouri West, Inc.
Case Nos.:	EU-2020-0350
Date Testimony Prepared:	September 4, 2020

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EU-2020-0350

SURREBUTTAL TESTIMONY

OF

RONALD A. KLOTE

ON BEHALF OF

EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST, INC. D/B/A EVERGY MISSOURI WEST

Kansas City, Missouri
September 2020

SURREBUTTAL TESTIMONY

OF

RONALD A. KLOTE

Case No. EU-2020-0350

Q: Please state your name and business address.

A: My name is Ronald A. Klote. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Evergy Metro, Inc. and serve as Director – Regulatory Affairs for Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro") and Evergy Kansas Metro ("Evergy Kansas Metro"); Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West"); and Evergy Kansas Central, Inc. d/b/a/ Evergy Kansas Central ("Evergy Kansas Central").

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Evergy Missouri Metro and Evergy Missouri West (collectively, "Evergy" or the "Company")

Q: Are you the same Ronald A. Klote who previously filed Direct Testimony in this docket?

A: Yes.

Q: What is the purpose of your testimony?

A: The purpose of my Surrebuttal Testimony is to support the Company's Application for an accounting authority order ("AAO") that requests permission for Evergy to accumulate and defer to a regulatory asset for consideration of recovery in future rate case proceedings before the Missouri Public Service Commission ("Commission") all extraordinary costs and financial impacts incurred as a result of the coronavirus disease ("COVID-19") pandemic. I will address the proposal regarding carrying costs made in the Rebuttal Testimony of Kim Bolin for Staff and Greg Meyer for MECG/MIEC. I will address sunset provision proposals made by Staff witness Bolin and MECG/MIEC witness Meyer. I will address certain arguments raised in the rebuttal testimony of Robin Kliethermes and Byron Murray of Staff regarding the calculation of deferrals of lost revenue and Greg Meyer regarding the calculation of deferrals of connectivity costs incurred by Evergy so that certain employees can work from home. I will explain why their arguments are not appropriate to be addressed by the Commission in this proceeding and should instead be addressed in the Company's next general rate case. I will also address comments in rebuttal testimony of Mr. Meyer for MECG/MIEC and Dr. Geoff Marke for the Office of the Public Counsel ("OPC") related to the Company's proposed periodic reporting requirements.

CARRYING COSTS

Q: Please explain your understanding of the proposals made by Staff and MECG/MIEC regarding carrying costs.

A: I understand that Staff and MECG/MIEC[1] propose that carrying costs should not be recorded on COVID-19 deferrals during the deferral period but that the question of whether

[1] Bolin Rebuttal Testimony at 13; Meyer Rebuttal Testimony at 22.

carrying costs can be included on deferred amounts included in rates should be left for resolution in Evergy's next general rate cases for its Missouri operations.

Q: What is Evergy's position regarding the proposal by Staff and MECG/MIEC on carrying costs?

A: I agree that excluding carrying costs from COVID-19 deferrals during the deferral period and leaving the carrying cost issue as one to be addressed in Evergy's next general rate cases is a reasonable resolution of the issue for purposes of this proceeding.

<u>FEBRUARY 28, 2021 SUNSET PROPOSED BY STAFF AND MECG/MIEC</u>

Q: Please explain your understanding of the February 28, 2021 sunset proposed by Staff and MECG/MIEC.

A: According to their respective testimony[2], Ms. Bolin and Mr. Meyer recommend that any deferral authority granted in this proceeding terminate on February 28, 2021, subject to the opportunity for Evergy to work with the parties and the Commission to request extensions of such authority for six-month periods thereafter. Ms. Bolin supports her proposed sunset provision by stating that "[B]ecause AAO deferrals should be strictly limited to the duration of extraordinary event impacts, normally there will be a relatively short period of time in which a utility is allowed to defer extraordinary costs through an AAO application."[3] Mr. Meyer states that the sunset he recommends would limit deferral "to those times when the pandemic is still present and would negate the deferral of expenses during non-pandemic times."[4]

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[2] Bolin Rebuttal Testimony at 6; Meyer Rebuttal Testimony at 20-21.
[3] Bolin Rebuttal Testimony at 6.
[4] Meyer Rebuttal Testimony at 21.

Q: Should the Commission adopt the February 28, 2021 sunset proposed by Staff and MECG/MIEC?

A: No. It is inconsistent with Commission precedent on AAOs, especially recent precedent, unnecessary, inadequate and would cause additional work and cost to all parties, and the Commission as well, with no corresponding value.

Q: How is the February 28, 2021 sunset proposed by Staff and MECG/MIEC inconsistent with Commission precedent?

A: The AAO most recently granted by the Commission concerned the retirement of Evergy Missouri West's ("EMW") Sibley Generating Station and required EMW to commence recording that deferral as of December 2018. It is my understanding that the deferral requirement will not cease until EMW's next general rate case is concluded.[5] As a result of EMW's election to make use of plant-in-service accounting under section 393.1400 RSMo., its base rates are frozen until December 6, 2021, which is three years after the rates from its most recently concluded general rate case (in 2018) became effective. The deferral period for the Sibley AAO will therefore span at least three years, far longer than the twelve-month deferral of COVID-19 impacts proposed under the proposed sunset provision. The Sibley AAO deferral period is clearly inconsistent with Ms. Bolin's testimony that " . . . normally there will be a relatively short period of time in which a utility is allowed to defer extraordinary costs through an AAO application."[6]

[5] Report and Order, Case No. EC-2019-0200, pp. 12-14, dated October 17, 2019.
[6] Bolin Rebuttal Testimony at 6.

Q: Has the Commission previously imposed sunset provisions in connection with AAOs?

A: Yes, but the Commission has not consistently imposed sunset provisions on AAOs, particularly in recent years[7], and the COVID-19 pandemic is unprecedented, to my knowledge, compared to other situations or events which the Commission has found give rise to extraordinary items that qualify for deferral in the sense that the end date cannot be known or even estimated at this time. Moreover, there will be financial impacts resulting from the COVID-19 pandemic for months after the pandemic event might be considered over, uncollectibles expense being the primary example.

Q: Why would uncollectibles expense resulting from the COVID-19 pandemic persist after the pandemic event itself might considered to be concluded?

A: The Company has entered, and will continue to enter, into extended payment plans (of one-, four-, and twelve-month duration) with customers as a result of the pandemic that will continue into (and beyond) the upcoming cold weather rule period (November 1, 2020, through March 31, 2021) during which shut-offs for non-payment are constrained by weather conditions. Consequently, it is expected that the vast majority of shut-offs for non-payment driven by the COVID-19 pandemic will not commence until April 1, 2021. Because uncollectibles expense built into rates is based upon account write-offs that begin within approximately 90 days following the disconnection and final bill being sent, this means that pandemic-driven uncollectibles expense will necessarily lag the conclusion of

[7] *See e.g.*, *Report and Order*, pp. 30-31, Re Union Electric Company d/b/a Ameren Missouri for Approval of Efficient Electrification Program, File No. ET-2018-0132 (Feb. 6, 2019)(deferred costs of EV charging program for possible recovery in a future rate case); *Order Approving Stipulation And Agreement* (June 27, 2018) and *Second Non-Unanimous Stipulation And Agreement*, p. 12 (June 12, 2018), Re Union Electric Company d/b/a Ameren Missouri for Approval of 2017 Green Tariff (deferral of costs authorized until next rate case); *Report And Order*, p. 9, and *Revised Stipulation and Agreement*, p. 34, Re Empire District Electric Company, File No. ER-2014-0351 (June 8, 2015)(deferral of costs related to Riverton plant authorized until next rate case.)

the pandemic by many months. The extent of that lag can only be determined by analysis after the pandemic event itself is considered to be over.

Q: Why is the February 28, 2021 sunset proposed by Staff and MECG/MIEC unnecessary?

A: Mr. Meyer states that the sunset he recommends would limit deferral "to those times when the pandemic is still present and would negate the deferral of expenses during non-pandemic times."[8] In making this statement Mr. Meyer ignores the fact that Evergy has requested this AAO to defer financial impacts (incremental costs, lost revenues and avoided costs) *related to the COVID-19 pandemic*[9] and apparently assumes that Evergy will simply record deferrals under the AAO requested in this proceeding regardless of whether the financial impacts had a reasonable nexus to the COVID-19 pandemic. If Evergy were to do that (which it will not), financial impacts deferred under this AAO that lack a reasonable nexus to the COVID-19 pandemic would be subject to disallowance and not reflected in rates on that basis in the Company's next general rate proceeding. In addition, Evergy presumes that parties to a general rate proceeding in which rate recovery of COVID-19 deferred amounts is requested would assess those deferrals to ensure the existence of a reasonable nexus between the deferred amounts and the COVID-19 pandemic prior to their inclusion in rates for all deferred costs regardless of the existence of a sunset period. Simply put, the sunset period proposed by Mr. Meyer does not achieve the purpose he says is intended and is, therefore, unnecessary.

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[8] Meyer Rebuttal Testimony at 21.
[9] Application, pp. 1 and 12-14; Klote Direct Testimony at 3; and Ives Direct Testimony at 2.

Q: Why is the February 28, 2021 sunset proposed by Staff and MECG/MIEC inadequate?

A: Both EMW and EMM are subject to a base rate freeze until December 6, 2021, by virtue of section 393.1655 RSMo. as a result of their elections to use PISA under section 393.1400 RSMo. It should be noted that Evergy's current plan is to file general rate cases for its Missouri operations in early January 2022 in order to make rates effective no later than December 6, 2022, which is necessary for Evergy to continue making use of fuel adjustment clauses for its Missouri operations. Our opinion is that it would not be beneficial to the Company and our customers for the Commission to take action – such as adoption of the sunset provision recommended by Staff and MECG/MIEC – that would not defer all pandemic-related costs and lost revenues.

Q: If the Commission determines that a sunset provision is necessary, do you have a recommendation for how to structure one that would be reasonable?

A: Yes, if it believes a sunset provision is needed, the Commission should sunset the pandemic deferral authority if Evergy Missouri Metro and Evergy Missouri West do not file general rate cases by January 10, 2022.

STAFF TESTIMONY REGARDING
CALCULATION OF LOST REVENUE DEFERRALS

Q: Staff witnesses Robin Kliethermes (pages 1-11) and Byron Murray (pages 2-5) raise issues in their rebuttal testimony regarding the Company's proposed calculation of lost revenues. Do you have any comments regarding their testimony?

A: Yes. The arguments raised by Ms. Kliethermes and Mr. Murray are not issues that need to be addressed by the Commission in this proceeding, but instead are issues to be reviewed in the Company's next rate case.

Q: Can you be more specific with regard to the arguments raised by Ms. Kliethermes?

A: Yes. Ms. Kliethermes makes the following arguments:

- the Company's calculation of lost revenues are not consistent with Staff's workpapers in the last rate case. (p. 2);
- the Company's weather normalization adjustment was not calculated in the same manner as done in Evergy's last rate case. (p. 9);
- the Company's revenue adjustment only calculates the revenue associated with the KWh adjustment at the margin and not the full-tariffed rate.

These are all rate case issues, and not issues related to whether pandemic-related costs and revenues are extraordinary and should be deferred for possible recovery in the next rate case. The Commission should not get bogged down in the minutia of these arguments in this proceeding. Instead, the Commission should address such concerns if they are raised in the next rate case. The calculations referred to by Ms. Kliethermes in her testimony are calculations estimating the lost revenue impact provided in data request responses and include averages which have not gone through the thorough analytics that would be provided in a rate case to support a company's claim for deferral. Yet, the amounts provided in response to data requests do provide the estimate and structural components that would be included in a rate case request. The Company has not recorded any lost revenue deferrals or made any requests in a rate case to date, yet the Company is in agreement with Ms. Kliethermes that rate case consistency in areas such as billing determinants and weather normalization should be used to support a company's calculation in a rate case. If the Commission orders a deferral of lost revenue the Company would work with Staff and their concerns in the next rate case or provide thorough reasoning on why the amount of specificity that Ms. Kliethermes dives into is not necessary.

Q: Ms. Kliethermes also recommends that lost revenues "calculation not include the removal of revenue related to customer growth and special contracts." (p. 11). Do you have any comments related to her recommendation?

A: First of all, there is no reasonable causal nexus between increased customer numbers since June 30, 2018, (the end of the true-up period in the most general rate cases for Evergy's Missouri operations) and the COVID-19 pandemic. As such, revenues attributable to customer growth do not qualify to offset lost cost recovery resulting from the pandemic. In this regard it is important to remember that revenue growth between rate cases attributable to customer growth and the addition of special contracts has typically inured to the benefit of shareholders. This is due, at least in part, to the fact that the Company has made additional investment in the facilities needed to provide service to those new customers or increased load.

Again, however, this argument by Staff is a rate case issue as it bears on whether a reasonable causal nexus exists between the item at issue (in this instance, increases in customer numbers) and the pandemic and how much, if any, of such deferred amounts should be included in rates.

Q: Mr. Byron Murray also argues that "the monthly differences that exist between the Companies' rate case usage and actual billed usage average out and are similar to or higher than the usage approved in Evergy's last rate cases for all classes except the Large Power class." (page 5). Is this a topic that needs to be addressed in this proceeding?

A: No. This is not an issue related to whether the Company's pandemic-related costs and revenue impacts are extraordinary and should be deferred for possible recovery in the next rate case. In fact, we are still in the midst of the pandemic and the Company's request in this case requests permission for Evergy to accumulate and defer to a regulatory asset for consideration of recovery in future rate case proceedings lost revenues that have occurred and still may be forthcoming. The intensity level and span of these potential lost revenues are not known at this time and will not be known for some time. As such, in a rate case is when the impact of the pandemic should be examined when more complete data is available showing the extent of the pandemic and impact on the Company. Therefore, this topic does not need to be addressed by the Commission in this proceeding.

Q: Are there any other issues associated with the calculation of Lost Revenue Deferrals

A: Yes. As stated in the testimony of Company witness Darrin Ives the Company believes that lost revenues that have occurred associated with the pandemic adjusted for impacts such as weather, customer growth, a special contract customer and MEEIA should be accumulated and deferred as requested by the Company in its initial application in this proceeding. Yet, Mr. Ives identifies an alternative approach that focuses on the fixed-cost component of lost revenues due to load degradation resulting from the pandemic and eliminates the variable cost component from the revenue losses to be deferred. In the event that the Commission does agree with this alternative approach instead of the Company's initial Application approach, then the lost revenue calculation should be adjusted for an additional structural component adjustment which is removing the variable fuel component in both the revenues established in each company's prior rate case and the fuel component included in actual revenues received during the pandemic. By removing this variable cost component, the accumulation of lost fixed cost recovery will approximate the fixed costs that are not being recovered through revenues during the pandemic period. This additional structural adjustment would be made if the Commission chose to allow deferral on the fixed cost component of revenues lost due to pandemic-driven load degradation as described in witness Ives' surrebuttal testimony.

DEFERRAL OF CONNECTIVITY COSTS INCURRED TO ENABLE CERTAIN EMPLOYEES TO WORK FROM HOME

Q: Please explain your understanding of the position Mr. Meyer, on behalf of MIEC/MECG, regarding the deferral of connectivity costs incurred by Evergy to enable certain employees to work from home during the pandemic.

A: According to Mr. Meyer[10], he opposes deferral of costs incurred by Evergy ". . . for internet access for employees working from home." Mr. Meyer apparently believes that these are "personal" costs that should either be borne by the employee or absorbed by Evergy. He offers no further support for this position.

Q: How do you respond to this MECG/MIEC position?

A: The resolution of this issue bears upon a determination of whether a reasonable causal nexus exists between the connectivity costs necessary to enable an employee to work from home during the pandemic and the pandemic itself. This is properly an issue for the next

[10] Meyer Rebuttal Testimony at 17.

general rate case and need not, and should not, be addressed by the Commission at this time, and certainly not in the manner proposed by Mr. Meyer on the basis of such a dearth of supporting rationale.

Moreover, when the parties and the Commission have an opportunity during the Company's next general rate cases to more fully examine the pandemic-related connectivity costs Evergy defers, the causal nexus between such deferred amounts and the pandemic will be apparent. Pre-Pandemic, Evergy determined that it was reasonable and necessary to incur connectivity costs to enable a small number of contact center employees to work from home. These costs would not be deferred because no reasonable causal nexus exists with the pandemic. Since the pandemic, Evergy has determined that it is reasonable and necessary, due to special employee- or job-specific circumstances, to incur connectivity costs to enable additional employees to work from home. An example of special employee- or job-specific circumstances warranting the incurrence of connectivity costs to enable an employee to work from home during the pandemic could be that a software application essential to that employee's duties requires greater bandwidth than the employee's existing internet service provides. Under such circumstances, Evergy would defer those connectivity costs because a reasonable causal nexus exists between the pandemic and the deferred connectivity costs. Evergy may determine that it is reasonable and necessary to incur connectivity costs to enable more employees to work from home during the pandemic in the future. All connectivity costs so deferred would be subject to review in Evergy's next general rate cases and if Mr. Meyer, or any party, opposes their recovery in rates, that is the appropriate time for the Commission to consider such arguments.

PERIODIC REPORTING REQUIREMENTS

Q: Did Evergy propose, in its Direct Testimony, to provide periodic reporting of information in connection with the COVID-19 pandemic AAO it has requested?

A: Yes. I proposed that Evergy file an annual report, with the first report filed no later than May 1, 2021, and no later than May 1 for each succeeding year until each of the operating utilities' next respective general rate case filings, setting forth its costs incurred and revenues lost relating to COVID-19 during the preceding calendar year.[11]

Q: Has the periodic reporting proposed by the Company been addressed by witnesses for any other parties?

A: Yes, both MECG/MIEC witness Meyer and OPC witness Dr. Marke address reporting to be provided periodically in connection with the AAO.

Q: Please describe your understanding of the periodic reporting proposed by MECG/MIEC.

A: Mr. Meyer accepts the contents of the information the Company proposed to provide but requests that it be provided quarterly rather than annually and he also proposes that the reporting obligation terminate with the end of the deferral period (February 28, 2021, under his recommendation, which he proposes could be extended by six-month increments based upon subsequent discussions among the parties and, presumably, action by the Commission).[12]

[11] Klote Direct Testimony at 9.
[12] Meyer Rebuttal Testimony at 21.

Q: What is your response to MECG/MIEC witness Meyer's proposal regarding periodic reporting requirements?

A: Although the Company is willing and able to provide the information it has proposed to be included in the periodic reports on a quarterly basis, thirty days after the end of the applicable quarter, only information for which deferral authority is granted should be included in the periodic reporting requirement. If the Commission grants authority to defer incremental costs (net of avoided costs) and lost cost recovery, all related to the pandemic, then it would be reasonable for the Commission to adopt Mr. Meyer's proposal which includes both cost and revenue information. If different deferral authority is granted, then the reporting requirement should be tailored and limited to be consistent with the deferrals permitted by the Commission's order. In either event, the reporting should continue through the conclusion of the deferral period, which the Company proposes to end at the conclusion of the true-up period in Evergy's next general rate cases, which is expected to be June 30, 2022.

Q: Please describe your understanding of the periodic reporting proposed by OPC in connection with the COVID-19 AAO.

A: OPC witness Dr. Marke's primary position is that the Commission should deny all deferral authority Evergy has requested in connection with the COVID-19 pandemic.[13] Nevertheless, he recommends that the Commission require Evergy to periodically report far more information than the Company has proposed. Specifically, Dr. Marke proposes that:

> . . . within two weeks of Commission approval and on a quarterly basis until the Commission designated termination date, Evergy West and Evergy Metro be required to file separate quarterly reports in this docket and

[13] Marke Rebuttal Testimony at 2.

submitted within 15 days of the end of each quarter with the following information:

- A detailed identification of monthly weather normalized revenue, by customer class;
- A detailed identification of revenue changes by customer class, both increases and decreases, during the COVID-19 pandemic;
- The impact COVID-19 has had on Evergy's capital expenditure program during the previous quarter;
- Any issuances of short-term and long-term debt during the previous quarter and the all-in costs at which the financing was issued;
- The embedded cost of short-term debt for that quarter;
- Updated and most recent credit metrics Calculated by Evergy or provided to the Company by nationally recognized credit rating agencies;
- Any correspondence with nationally recognized credit rating agencies and equity analysts during the previous quarter;
- Copies of credit rating agencies and equity analysts' reports published during the previous quarter;
- A list of reductions and their cost savings (to date) made to capital, operational and discretionary as articulated above in this testimony to minimize cost impacts to ratepayers; and
- A list of COVID-19 expenses and their related amount that the Company incurred to provide safe and reliable service.[14]

Q: What is your response to this proposed reporting requirement by Dr. Marke?

A: It is unreasonable because it is wholly disconnected from his primary recommendation – that the Commission should deny all deferral authority in connection with the COVID-19 pandemic requested by Evergy – and should therefore be rejected by the Commission. As Dr. Marke acknowledges, he drew this list of reporting requirements, in large if not total measure, from the order of the Kansas Corporation Commission ("KCC") granting authority to Evergy's utilities with operations in Kansas authority to defer incremental costs (net of avoided costs) and lost revenues resulting from the pandemic through the cut-off period (which is analogous to the true-up period used in Missouri) in Evergy's next general rate cases in Kansas, the rates from which will take effect by year-end 2023.

[14] Marke Rebuttal, pp. 11-12.

To the extent that this Commission is inclined to grant deferral authority to Evergy's Missouri operating utilities similar to that which the KCC granted Evergy's Kansas operating utilities, Evergy would not object to similar periodic reporting requirements in Missouri. In this regard it should be noted that Evergy will need at least thirty days after the end of the quarter to provide such information given the amount of time necessary to close the Company's accounting books each month and prepare the requested reporting data. The KCC has recognized these timing issues in the Evergy pandemic AAO docket in Kansas.

Q: Does OPC witness Dr. Marke propose any additional periodic reporting requirements?

A: Yes. Perhaps tacitly recognizing the unreasonableness and futility of his primary position in light of the fact that, as discussed in more detail in Evergy witness Ives' surrebuttal testimony, our research reveals that no utility regulatory authority in the United States has denied permission to defer incremental costs incurred in connection with the pandemic, OPC witness Dr. Marke offers a secondary position under which he recommends that the Commission grant deferral authority only for costs and uncollectibles expense related to the pandemic provided that the Company also institute and carry out six additional initiatives regarding, among other things, collection activities, credit agency reporting, extended payment plans and the provision of periodic reports by the Company in addition to his reporting proposal discussed immediately above.[15]

[15] Marke Rebuttal Testimony at 19-21.

Q: Please explain your understanding of the additional periodic reporting proposed by OPC witness Dr. Marke in connection with the pandemic AAO.

A: The additional periodic reporting Dr. Marke proposes to require in his secondary position is as follows:

> . . . within two weeks of Commission approval and on a quarterly basis until the Commission designated termination date, Evergy West and Evergy Metro be required to file separate quarterly reports in this docket and submitted within 15 days of the end of each quarter with the following information:
>
> - The number of customers, by customer class;
> - The number of customers, by customer class, voluntarily disconnected by month;
> - The number of customers, by customer class, involuntarily disconnected by month;
> - Number of utility reconnections, reported by month;
> - Number of customers on a utility payment plan, by payment plan type (including budget billing), by month;
> - Total $ amount of arrearage, by customer class;
> - The number of accounts in arrearage by customer class in increments of $100 (e.g., less than $100, $101 to $200, etc. . . .) by month;
> - The range of arrearage amounts by customer class (i.e., current high and low dollar amount) and the mean average;
> - The percentage of involuntary disconnections by customer class by four-digit zip code (i.e., number of accounts relative to number of accounts involuntarily disconnected) by month;
> - A quantification of total past-due customer arrearages and number of customers experiencing arrearages, that are 30, 60 and ninety days or more late in payment, by month; and[16]

According to Dr. Marke, these reporting requirements ". . . will help ensure a thorough account of the expenses and benefits incurred and provide meaningful metrics to indicate if further actions are necessary regarding customer disconnections."[17]

[16] Marke Rebuttal Testimony at 19-20.
[17] Marke Rebuttal Testimony at 20.

Q: What is your response to the additional periodic reporting requirements proposed by OPC witness Dr. Marke as part of his secondary recommendation?

A: They are unreasonable in that they go well beyond the specific purpose of this docket as presented in Evergy's application and should therefore be rejected by the Commission. The Company has endeavored, and continues to endeavor, to provide information on a cooperative and collaborative basis to OPC and Staff regarding collections activities during regular meetings scheduled during the pandemic and in connection with the COVID-19 customer programs offered by Evergy that the Commission permitted to be made in Case No. EO-2020-0383. The Company expects to continue those cooperative and collaborative efforts but must resist OPC's request to formally require expansion of that work in this docket that is focused on a specific and different purpose.

ALLOCATIONS RESPONSE TO MECG/MIEC

Q: Did Mr. Meyer provide any testimony regarding allocations associated with the AAO request?

A: Yes. Mr. Meyer briefly mentioned allocations in his testimony.[18]

Q: What is your response to this section of his testimony?

A: As stated previously, this issue should be reviewed in a rate case proceeding when all of the issues associated with the pandemic are evaluated for potential inclusion in the revenue requirement calculation. The Company does agree with Mr. Meyer that following allocation principles are important in the accumulation of costs and the amounts accumulated and deferred if ultimately approved will follow the allocation principles as set forth in the Company's cost allocation manuals.

[18] Meyer Rebuttal Testimony at 22-23.

Q: Do you have any concluding comments?

A: Yes. As I explained in my direct testimony, in future rate cases the Commission will have a full opportunity to review COVID-19 expenses and lost revenues to ensure that a reasonable causal nexus exists between the deferred amounts for which rate recovery is sought and for prudency and accuracy, as well as to consider other issues such as the appropriate form and time of recovery (i.e., amortization period) for the approved amount of regulatory assets at which time all known factors and impacts of the pandemic should be known. In this docket the Company is merely asking for approval to defer the financial impacts – that is incremental costs (net of avoided costs) and lost cost recovery (lost revenues), all resulting from the COVID-19 pandemic – so that they can be evaluated and considered for possible inclusion in rates in the next general rate cases filed by Evergy Missouri West and Evergy Missouri Metro.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy	)	
Metro, Inc. d/b/a Evergy Missouri Metro and	)	
Evergy Missouri West, Inc. d/b/a Evergy	)	No. EU-2020-0350
Missouri West for an Accounting Authority	)	
Order Allowing the Companies to Record and	)	
Preserve Costs Related to COVID-19 Expenses	)	

AFFIDAVIT OF RONALD A. KLOTE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Ronald A. Klote, being first duly sworn on his oath, states:

1. My name is Ronald A. Klote. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. and serve as Director – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of nineteen (19) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Ronald A Klote

Ronald A. Klote

Subscribed and sworn before me this 4th day of September 2020.

Anthony R Westenkirchner

Notary Public

My commission expires: 4/26/2021

ANTHONY R WESTENKIRCHNER
Notary Public, Notary Seal
State of Missouri
Platte County
Commission # 17279952
My Commission Expires April 26, 2021