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Public Counsel
ER-2026-0143

DIRECT TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

**EVERGY METRO, INC. D/B/A
EVERGY MISSOURI METRO**

CASE NOS. ER-2026-0143

June 30, 2026

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DIRECT TESTIMONY
OF
JOHN A. ROBINETT
EVERGY MISSOURI METRO
CASE NO. ER-2026-0143

1 **Q. What is your name and what is your business address?**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC” or “Public Counsel”) as
5 a Utility Engineering Specialist.

6 **Q. Have you previously provided testimony before the Missouri Public Service**
7 **Commission?**

8 A. Yes. I have testified in front of the Missouri Public Service Commission (“Commission”)
9 in both my former occupation with Commission Staff (“Staff”) and in my current position
10 with OPC.

11 **Q. What is your work and educational background?**

12 A. A copy of my work and educational experience is attached to this testimony as Schedule
13 JAR-D-1.

14 **Q. What is the purpose of your direct testimony?**

15 A. First, I will address the importance of heat rate testing generating units and utility
16 adherence to 20 CSR 4240-20.090(2)(A)15. Second, I will discuss my position related to
17 the recovery, in rates, of construction work-in-progress (“CWIP”) for generating plants
18 powered by natural gas, within the context of state statute. This discussion will include my
19 technical understanding of the word “construction” as used in that statute and how the
20 Commission’s decision on the definition of construction will determine if CWIP can be
21 collected in this case. Third, I will provide some helpful depreciation terminology and

1 definitions. Finally, I will recommend depreciation rates for Evergy Missouri Metro's
2 ("EMM's" or "Company's") generation fleet.

3 **Heat Rate Testing**

4 **Q. What is heat rate?**

5 A. Heat rate is a measure of generating station thermal efficiency, generally expressed in British
6 thermal units ("Btu") per net kilowatt-hour ("KWh"). It is computed by dividing the total Btu
7 content of fuel burned for electric generation by the resulting net KWh generation.

8 **Q. What is the importance of heat rate testing?**

9 A. Staff discussed the importance of minimum equipment performance standards in the Fuel
10 Adjustment Clause ("FAC") rulemaking case, File Number EX-2006-0472,¹ as follows:

11 *Concern: Some stakeholders believe that minimum equipment performance*
12 *standards are needed in these rules.*

13 *Staff Response: Staff agrees that equipment performance standards should be*
14 *a part of these rules and has included in the proposed rules requirements to*
15 *develop generating unit efficiency testing and monitoring procedures. Staff*
16 *will, as a result of receiving this data, have the ability to monitor each electric*
17 *utilities' power plants in terms of their capability to efficiently convert fuel to*
18 *electricity. Any observed reductions over time may be an indication of the*
19 *utility's need to implement programs to improve efficiency. Staff views this as*
20 *a very important and necessary detail since the efficiency of each electric*
21 *utility's power plants directly relates to each electric utility's fuel and*
22 *purchased power costs."*

23 This testimony shows that any intervening party has the ability to monitor the
24 efficiency performance of power plants over time and can identify changes that may exceed

¹ *Staff Testimony in Support of and Suggested Changes to 4 CSR 240-3.161 and 4 CSR 240-20.090, Attachments A-9 through A-10, In the Matter of a Proposed Rule Regarding Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms, Case No. EX-2006-0472, EFIS Item No. 15 (Sept. 7, 2006).*

1 normal wear and tear. Parties can then discuss root causes and means to address these
2 underlying issues.

3 **Q. What is the purpose of the requirement in Commission Rule 20 CSR 4240-**
4 **20.090(2)(A)15² that heat rate tests be conducted no more than 24 months prior to the**
5 **filing of a general electric rate case?**

6 A. Heat rate tests and results are useful for monitoring the power plant maintenance practices
7 of a utility. While over their lives generating facilities will become less efficient, sharp
8 changes in efficiencies may indicate a philosophical change in maintaining a generating
9 facility and should draw inquiry of the causes of those changes. This information is a filing
10 requirement so that the parties can evaluate changes in efficiency output.

11 **Q. Does having an FAC impact an electric utility's incentive to maximize the efficiency**
12 **of its power plants?**

13 A. Yes. Under traditional ratemaking, the utility would benefit from any efficiency
14 improvements at the facility that would result in a reduction in fuel costs. This incentive
15 diminishes when a utility is granted an FAC, where costs and savings are passed on to the
16 customers.

² 15. A level of efficiency for each of the electric utility's generating units determined by the results of heat rate/efficiency tests or monitoring that were conducted or obtained on each of the electric utility's steam generators, including nuclear steam generators, heat recovery steam generators, steam turbines and combustion turbines within twenty-four (24) months preceding the filing of the general rate increase case.

A. The results should be filed in a table format by generating unit type, rated megawatt (MW) output rating, the numerical value of the latest result and the date of the latest result;

B. The electric utility shall provide documentation of the actual test/monitoring procedures. The electric utility may, in lieu of filing the documentation of these procedures with the commission, provide them to the staff, OPC, and to other parties as part of the workpapers it provides in connection with its direct case filing. If the electric utility submits the results in workpapers, it will provide a statement in its testimony as to where the results can be found in workpapers;

1 **Q. Has EMM satisfied the heat rate testing filing requirements set out in Commission Rule**
2 **20 CSR 4240-20.090(2)(A)15?**

3 A. No, it has not satisfied all of them. For heat rate testing, EMM filed a table, attached to
4 Company Witness Hsin Foo's direct testimony as Confidential Schedule HYF-5,³ that table
5 reports the generating unit and a single net heat rate. EMM did not provide either the
6 underlying data or generated reports it used to arrive at the final reported numbers in its
7 testimony, attachments or workpapers. Those generated reports and heat rate curves allow
8 for more analysis and conclusions to be drawn by the reviewing parties. The single-number
9 heat rate result EMM filed is inadequate and, further, we do not know when the heat rate test
10 results were performed as no dates were provided in Confidential Schedule HYF-5. EMM has
11 provided no evidence, other than its word, that all of the heat rate tests and results occurred in
12 the twenty-four (24) months prior to this rate case filing, as Commission rule requires.

13 **Q. What does Commission Rule 20 CSR 4240-20.090(2)(A)15 require regarding the**
14 **specificity and timing of its heat rate testing relative to when it files a general rate case**
15 **application?**

16 A. The rule states that the Company needs to file the heat rate or efficiency tests for each
17 facility which were conducted within the previous twenty-four (24) months.

18 **Q. Did EMM meet this testing within 24 months of filing requirement?**

19 A. I don't know. Confidential Schedule HYF-5 attached to EMM Witness Foo has test results
20 but does not provide any information on when each unit was tested. Witness Foo did testify
21 that the tests were in the last twenty-four (24) months, but did not provide further evidence.
22 The Company's direct testimony in this case was initially filed on February 6, 2026. Counting

³ This table is marked **Highly Confidential** so results will not be discussed in this testimony.

1 back 24 months would require all heat rate tests to have been performed on or after February
2 6, 2024.

3 **Q. Does EMM have a waiver from the heat rate testing timing requirements of 20 CSR**
4 **4240-20.090(2)(A)15?**

5 A. No.

6 **Q Has it sought one?**

7 A. Not in this case, and not elsewhere to my knowledge.

8 **Q. Based on the heat rate testing results EMM has provided do you have any**
9 **recommendations?**

10 A. While Public Counsel has done a limited analysis on the heat rate test results the Company
11 provided in its direct filing, determining if these results are adequate for baseline thermal
12 power plant heat efficiencies requires more time and analysis. I recommend the parties work
13 together to develop heat rate baselines to be used for EMM's thermal power plants.

14 In addition, I recommend that the Commission order EMM to provide heat rate
15 testing reports, themselves, as part of the direct filing of its next general rate case. The
16 report for each of the generating facilities should provide the heat rate curves and data used
17 to derive the curves, along with documentation on the heat rate testing process used. EMM
18 should include information on the testing procedures for each generating unit/facility
19 location as the testing procedures may vary by location and unit. In addition, the reports
20 should also provide whether any procedural changes that occurred and the reasoning for
21 making such changes.

1 **CWIP CONSTRUCTION PERIOD**

2 **Q. Are you familiar with § 393.135 RSMo., as it pertains to new natural gas-generating**
3 **units such as the natural gas-fired 440 MW simple-cycle gas turbine electric**
4 **generating facility (Mullin Creek #2) for which EMM has filed an application with**
5 **this Commission (Case No. EA-2026-0154) for a certificate of convenience and**
6 **necessity (“CCN”) to construct, install, own, operate, manage, maintain, and control?**

7 **A. Yes. It provides:**

8 **393.135. Charges based on nonoperational property of electrical corporation**
9 **prohibited — exceptions, expiration. — 1. Except as provided in subsection 2 of**
10 **this section, any charge made or demanded by an electrical corporation for service,**
11 **or in connection therewith, which is based on the costs of construction in progress**
12 **upon any existing or new facility of the electrical corporation, or any other cost**
13 **associated with owning, operating, maintaining, or financing any property before it**
14 **is fully operational and used for service, is unjust and unreasonable, and is**
15 **prohibited.**

16 2. (1) An electrical corporation may be permitted, subject to the limitations in
17 this subsection, to include construction work in progress for any new natural gas-
18 generating unit in rate base. The inclusion of construction work in progress
19 allowed under this subsection shall be in lieu of any otherwise applicable allowance
20 for funds used during construction that would have accrued from and after the
21 effective date of new base rates that reflect inclusion of the construction work in
22 progress in rate base. The commission shall determine, in a proceeding under
23 section 393.170, the amount of construction work in progress that may be included
24 in rate base. The amount shall be limited by:

25 (a) The estimated cost of such project; and

26 (b) Project expenditures made within the estimated construction period for such
27 project.

28 Base rate recoveries arising from inclusion of construction work in progress in rate
29 base are subject to refund, with interest on the refunded amount at the same rate as
30 the rate of interest for delinquent taxes determined by the director of revenue in
31 accordance with section 32.065, if, and to the extent the commission determines, in
32 a subsequent complaint or general rate proceeding, that construction costs giving
33 rise to the construction work in progress included in rate base were imprudently
34 incurred or if the project for which construction costs have been included in the rate
35 base is not placed in service within a reasonable amount of time, as determined by
36 the commission. Rate base used to determine return deferred under subdivision (2)
37 of subsection 3 of section 393.1400 shall include an offset for rate base that has

1 been used to determine return included in base rates as a result of construction work
2 in progress inclusion in rate base under this subsection. The offset shall apply from
3 and after the in-service date of the asset that has been used to determine return
4 included in base rates as a result of construction work in progress inclusion in rate
5 base under this subsection.

6 *⁽²⁾ This subsection shall expire on December 31, 2035, unless the commission
7 determines, after a hearing conducted in 2035, upon a submission from an electrical
8 corporation of an application requesting and demonstrating that good cause exists
9 to extend the effectiveness of this subsection through December 31, 2045. The
10 secretary of the commission shall notify the revisor of statutes when the conditions
11 set forth for the extension of this subsection have been met.⁴

12 **Q. If the Commission authorizes, will the Company be able to include CWIP for Mullin**
13 **Creek #2 in rate base?**

14 A. Yes, with limitations.

15 **Q. What limitations?**

16 A. The limits that are set out in state statute:

17 The amount *shall* be limited by:

18 (a) The estimated cost of such project; and

19 (b) Project expenditures made within the estimated construction period for such
20 project.⁵

21 **Q. Has Staff interpreted the language “estimated construction period” previously?**

22 A. Yes. In Case No. EA-2025-0299, The Empire District Electric Company d/b/a Liberty
23 requested CCN authority to build a combustion turbine that was approximately 250 MW.
24 Staff defined construction in that case as every potential aspect of the project, including
25 design of the plant and procurement of equipment. The Commission approved a Stipulation
26 and Agreement reached in that case. However, the statute clearly says CWIP is to be limited

⁴ RSMo Section 393.135

⁵ Section 393.135.2(1)(b), RSMo (emphasis added).

1 to “[p]roject expenditures made within the estimated the construction period for such
2 project.⁶

3 **Q. What is the definition of construction?**

4 A. Black’s Law Dictionary, the deluxe 11th edition, defines construction as “the act of building
5 by combining or arranging parts or elements; the thing so built.” Webster’s third New
6 International Dictionary defines construction as “the act of putting parts together to form a
7 complete integrated object.”

8 **Q. What is your understanding of the statutory limitation on CWIP related to the
9 estimated construction period?**

10 A. Though I am not an attorney, I interpret this statutory limitation as referring to the
11 Company’s estimation of the project’s active construction period, alone. Therefore, I
12 propose using EMM’s own project timeline of the construction period for the 440 MW
13 simple cycle gas turbine (Mullin Creek #2) that is the subject of its pending CCN
14 application.

15 **Q. What is the Company’s temporal estimation of the requested project’s active period
16 of construction?**

17 A. I am not sure. The OPC has data requests still outstanding in this case and EMM’s pending
18 CCN case (Case No. EA-2026-0154) for EMM’s project timeline. The OPC will provide
19 an update on the construction period when it has better information from EMM.

⁶ Ibid.

1 **Q. Do you have any concerns related to EMM’s request for CWIP recovery in this rate**
2 **case?**

3 A. Yes. I am concerned about whether EMM is requesting costs that are, by definition,
4 ineligible for CWIP recovery in this rate case. EMM’s own direct testimony filed by Mr.
5 Ronald A. Klote at page 14 calls the turbine reservation fees “pre-construction costs.” As
6 pre-construction costs, they would not be eligible to be recovered as eligible CWIP
7 construction costs in this case based on EMM’s own characterization of when it is incurring
8 them and, therefore, EMM should not be allowed to collect CWIP through rates in this
9 case.

10 **Q. Do you have any other concerns related to EMM’s request for CWIP recovery in this**
11 **rate case?**

12 A. Yes. EMM now has a pending CCN application for Mullin Creek #2, the project for which
13 it is requesting the Commission allow CWIP recovery in this rate case. The Commission
14 has neither provided the limit on the project budget and construction period expenditures
15 nor approved a CCN for the project, itself. If the Commission exercises its discretion to
16 require EMM’s customers to pay for CWIP, it is my understanding that those limits are
17 required for the Commission to properly determine the limitations on EMM’s CWIP
18 recovery in this case.

1 **Depreciation Definitions**

2 **Q. Would defining terminology you use when explaining your depreciation**
3 **recommendations aid the Commission?**

4 A. Yes, I believe so. Therefore, I will define the following depreciation terms for the
5 Commission: cost of removal, depreciation, amortization, vintage year, final retirement,
6 gross salvage, interim retirements, interim salvage, net salvage, and retirement.

7 **Q. What are the sources of your definitions?**

8 A. I will cite to *Public Utility Depreciation Practices*, published by the National Association
9 of Regulatory Utility Commissioners (“NARUC”)⁷ and *Introduction to Depreciation for*
10 *Public Utilities and Other Industries* (“Introduction to Depreciation”), published by the
11 Edison Electric Institute (“EEI”) and the American Gas Association (“AGA”).⁸

12 **Q. Do experts in regulatory depreciation recognize these sources to be authoritative for**
13 **purposes of forming expert opinions on regulatory depreciation rates?**

14 A. Yes.

15 **Q. How does NARUC define “depreciation”?**

16 A. Depreciation is the loss in service value not restored by current maintenance, incurred in
17 connection with the consumption or prospective retirement of utility plant in the course of
18 service from causes that are known to be in current operation, against which the company
19 is not protected by insurance, and the effect of which can be forecast with reasonable
20 accuracy. Among the causes to be considered are wear and tear, decay, action of the

⁷ NARUC, *Public Utility Depreciation Practices* 313-327 (Aug. 1996).

⁸ EEI & AGA, *Introduction to Depreciation for Public Utilities and Other Industries* 165-end (Apr. 2013).

1 elements, inadequacy, obsolescence, changes in the art, changes in demand, and the
2 requirement of public authorities.

3 **Q. How does NARUC define “amortization”?**

4 A. The process of allocating a fixed amount, such as the total cost of an asset, to an expense
5 account over future accounting periods.

6 **Q. How does NARUC define “vintage year”?**

7 A. Year of placement⁹ of a group of property.

8 **Q. How does NARUC define “final retirement”?**

9 A. A final retirement is the retirement of a major structure unit in its entirety, or a very large
10 part of it, as opposed to interim retirements.

11 **Q. How does NARUC define “gross salvage”?**

12 A. Gross salvage is the amount recorded for the property retired due to the sale,
13 reimbursement, or reuse of the property.

14 **Q. How does NARUC define “retirement”?**

15 A. A retirement is the sale, abandonment, destruction, or withdrawal of assets from service.

16 **Q. How does NARUC define “interim retirement”?**

17 A. An interim retirement is the retirement of component parts of a major structure prior to the
18 complete removal of the retirement unit from service.

19 **Q. How does NARUC define “interim salvage”?**

20 A. Interim salvage is the salvage received from the disposition of plant as a result of interim
21 retirements.

⁹ Placement is equivalent to in-service date

1 **Q. How does NARUC define “net salvage”?**

2 A. Net salvage is the gross salvage for the retired property less its cost of removal.

3 **Q. How do EEI and AGA define “cost-of-removal”?**

4 A. Cost of removal is the cost to demolish, dismantle, tear down, or otherwise remove plant
5 from service, including the cost of handling and transportation. Cost of removal is also
6 used interchangeably with cost of retirement for assets that are retired in place, such as a
7 gas pipeline.

8 **Q. How do EEI and AGA define “interim retirement”?**

9 A. Introduction to Depreciation defines interim retirements as the retirement of individual
10 assets occurring prior to the retirement of the overall property group.

11 **Q. How do EEI and AGA define “net salvage”?**

12 A. Net salvage is defined as the difference between the value of salvage and cost of removal
13 resulting from the removal, abandonment, or other disposition of plant. Positive net salvage
14 results when salvage values exceed removal costs. Negative net salvage results when
15 removal costs exceed the salvage value. Positive net salvage decreases the cost to be
16 recovered through depreciation expense and negative net salvage increases it.

17 **Q. How do EEI and AGA define “retirement unit”?**

18 A. A retirement unit is the smallest unit of plant for which addition and retirement records are
19 maintained as defined by utility process and procedures manuals.

20 **Q. Are the foregoing definitions the definitions you are using in your testimony when
21 you use those terms?**

22 A. Yes.

1 **Terminal Net Salvage**

2 **Q. What method has the Commission used for quantifying the terminal net salvage costs**
3 **related to future retirements which are included in depreciation rates?**

4 A. Since at least 2005 net salvage included in depreciation rates has been based on historical
5 data experienced, and not estimated future costs of retirement or dismantlement. Stated a
6 different way, the Commission has allowed interim net salvage amounts to be included in
7 depreciation calculations but not final or “terminal” net salvage. This has been the practice
8 of the Commission since at least 2005 when the Commission ordered this approach in Case
9 No. GR-99-315¹⁰ and Case No. ER-2004-0570.¹¹

10 **Q. What about the method the Commission used before these cases?**

11 A. From 2000-2005, the cost of removal portion of net salvage was recorded as an operating
12 expense rather than included in the depreciation rate and depreciation expense. The Report
13 and Orders from Case Nos. GR-99-315 and ER-2004-0570 placed net salvage back into
14 the depreciation rate calculation. However, the Commission did not opine on terminal net
15 salvage in GR-99-315 and, in fact, it specified “this Commission generally has not allowed
16 the accrual of” terminal net salvage costs as they “would necessarily be purely
17 speculative.”¹²

¹⁰ *Third Report and Order*, p. 8, In the Matter of Laclede Gas Company's Tariff to Revise Natural Gas Rate Schedules, Case No. GR-99-315, EFIS Item No. 187 (Jan. 11, 2005).

¹¹ *Report and Order*, p. 55, In the Matter of the Tariff Filings of The Empire District Electric Company to Implement General Rate Increase for Retail Electric Service Provided to Customers in its Missouri Service Area, Case No. ER-2004-0570, EFIS Item No. 258 (Mar. 10, 2005).

¹² *Id.* at p. 53.

1 **Q. Why does the Commission not include future estimated net salvage in depreciation**
2 **rates?**

3 A. In Case No. GR-99-315 the Commission explained how it determines depreciation rates as
4 follows:

5 Under the accrual method, the depreciation rate for a particular asset or
6 group of assets is calculated as follows:

$$7 \text{ Depreciation Rate} = \frac{100\% - \% \text{ Net Salvage}}{8 \text{ Average Service Life (years)}}$$

9 In this formula, net salvage equals the gross salvage value of the asset minus
10 the cost of removing the asset from service. The net salvage percentage is
11 determined by dividing the net salvage experienced for a period of time by
12 the original cost of the property retired during that same period of time. The
13 Commission finds that many natural gas assets will have a negative net
14 salvage value and corresponding negative net salvage value percentage,
15 since the cost of removing the asset from service frequently exceeds its
16 gross salvage value. The accrual method has been used by Laclede and the
17 Commission to determine Laclede's depreciation rates since at least the
18 early 1950s. It is undisputed that using the accrual method for this purpose
19 is supported by the overwhelming weight of authority on such matters. In
20 both evidentiary hearings, Laclede and AmerenUE provided evidence
21 showing the widespread support among depreciation professionals and
22 authoritative texts for the traditional, or accrual, method of treating net
23 salvage.¹³

24 Similarly, in its Report and Order from Case No. ER-2004-0570 it stated:

25 Under the traditional accrual method favored by Empire, the depreciation
26 rate for a particular asset or group of assets is calculated as follows:

$$27 \text{ Depreciation Rate} = \frac{100\% - \% \text{ Net Salvage}}{28 \text{ Average Service Life (years)}}$$

29 In this formula, net salvage equals the gross salvage value of the asset minus
30 the cost of removing the asset from service. The net salvage percentage is
31 determined by dividing the net salvage experienced for a period of time by
32 the original cost of the property retired during that same period of time.¹⁴

¹³ Case No. GR-99-315, Third Report and Order, p. 8 (internal citations removed).

¹⁴ Case No. ER-2004-0570, Report and Order, p.52 (internal citations removed).

1 The Commission further described how terminal net salvage was to be treated:

2 [W]ith respect to Terminal Net Salvage of Production Plant Accounts, this
3 Commission generally has not allowed the accrual of this item. The reason
4 is that generating plants are rarely retired and any allowance for this item
5 would necessarily be purely speculative. It is true that all depreciation is
6 founded upon estimates, but all estimates are not unduly speculative. Just
7 as utility companies plan rate cases around the projected in-service dates of
8 new plants, so Empire can plan around the retirement of its generating plants
9 so that the Net Salvage expense is incurred in a Test Year. Another
10 alternative is the device of the Accounting Authority Order. As already
11 discussed in connection with the Production Account Service Life issue,
12 there is no evidence that the retirement of any of Empire's plants is
13 imminent and the estimated retirement dates considered in this proceeding
14 are not persuasive. For these reasons, the Commission will not allow the
15 accrual of any amount for Terminal Net Salvage of Production Plants.¹⁵
16

17 It's my understanding that the accepted practice of not allowing the terminal net salvage
18 value in depreciation rates has been in place since these decisions were ordered in early
19 2005.

20 **Q. What is your recommendation for this case?**

21 A. I recommend that the Commission continue its accepted practice of not allowing the
22 terminal net salvage value in depreciation rates.

23 **Generation Depreciation**

24 **Q. How did you calculate depreciation rates for the Company's Generation Facilities?**

25 A. I utilized the projected retirement dates for each of the generating units and common
26 property¹⁶ EMM provided in its depreciation schedule. However, I also updated the
27 retirement dates of Iatan unit 1 and LaCagnye 2 based on EMM's 2026 annual update to the
28 integrated resource plan and set the retirement dates to 2046. Furthermore, I have submitted
29 data requests to EMM to get projected retirement dates for all of their generating units, since

¹⁵ Id. at p.53.

1 some have changed in the annual update that differ from the depreciation study submitted in
2 this case. I also utilized the plant-in-service and accumulated depreciation reserves through
3 June 30, 2025, which the Company provided in its response to Staff Data Request Number
4 0027. Finally, I utilized the plant-in-service and the accumulated reserves presented in the
5 depreciation study, which were also through June 30, 2025.

6 It is important to note that the data contained in Staff data request 0027 were the values
7 for the production facilities of Evergy, as a whole, so I applied the jurisdictional allocator for
8 production facilities from Case No. ER-2022-0139 of 52.1%. It is also important to point out
9 that these numbers are close but do not tie.

10 **Q. What other assumptions did you use to perform your calculations?**

11 A. I utilized the net salvage percentages from Staff's accounting schedules from Case ER-2022-
12 0139, as the rates do not contain terminal net salvage just interim net salvage. I also added an
13 additional year of depreciation accrual based on the June 30, 2025, plant-in-service balances
14 through the true-up period of this case June 30, 2026.

15 **Q. How did you calculate your recommended depreciation rates?**

16 A. First, I calculated the amount of money the Company needs to collect—the original cost
17 plant-in-service value plus the net salvage value. Whether gross salvage or cost of removal is
18 driving the rate calculation determines when the utility needs to collect more than the original
19 cost (i.e, when cost of removal out-weighs gross salvage for the retired assets).If gross salvage
20 is the larger quantity, then the utility will not need to recover the full original cost as the net
21 salvage proceeds will be available at the end of the useful life of the asset. To calculate the
22 amount EMM needed to recover I multiplied the current plant-in-service by the quantity 1-

1 (Net salvage %). Where Net salvage = (Gross Salvage – Cost of Removal). This calculation
2 provides the amount that EMM needs to collect.

3 Next, I took the total that EMM needs to collect and subtracted the currently accrued
4 depreciation reserve to get the remaining amount that EMM needs to collect over the
5 remaining life of the assets. After that calculation, I determined the annual accrual amount by
6 dividing the remaining amount EMM needs to collect by the remaining life of the facility,
7 based on its projected retirement date. Finally, I took the annual accrual value and divided it
8 by the original plant-in-service, thereby calculating the depreciation rates for EMMs accounts.

9 **Q. What rates did you calculate for EMM’s generation facilities?**

10 A. My depreciation rates for EMM’s generation facilities are attached as Schedule JAR-D-2.

11 **Q. What rate impact does your depreciation accrual update have for EMM’s generation
12 facilities’ depreciation rates?**

13 A. Including an additional year of depreciation, accrual before performing the calculation of
14 depreciation rates reduces the annual expense based on my calculated rates by approximately
15 \$6 million dollars, annually.

16 **Conclusion**

17 **Q. What recommendations do you have for the Commission?**

18 A. First, I recommend the parties work together to develop heat rate baselines to be used for
19 Evergy Missouri Metro’s thermal power plants. In addition, I recommend that the
20 Commission order EMM to provide heat rate testing reports for each of its thermal generating
21 units as part of the direct filing of its next general rate case.

22 This report should provide the heat rate curves and data used to derive the curves for
23 each generation facility along with documentation on the heat rate testing process used.

1 Further, the reports should include information on the testing procedures for each generating
2 unit/facility location, any changes to these procedures. and the reasoning for these changes.

3 Second, I recommend that the Commission find that the appropriate construction
4 period is just the active construction period for a combustion turbine project expenses to be
5 eligible for CWIP.

6 Third, I recommend that the Commission continue its accepted practice of not
7 allowing the terminal net salvage value in depreciation rates.

8 Finally, I recommend the Commission use most up to date depreciation reserves
9 possible to set the Company's depreciation rates. Setting depreciation rates this way helps
10 ratepayers receive the benefit of the reserves they have paid as part of this case.

11 **Q. Does this conclude your direct testimony?**

12 **A.** Yes, it does.

