Exhibit No. 115

Evergy Missouri West – Exhibit 115
Ronald A. Klote
Direct Testimony
File Nos. ER-2022-0129 & ER-2022-0130

Exhibit No.:	
Issue:	PISA, PAYS® Program, COVID AAO, Pension Issues, Misc. Accounting, Sibley Reg. Liability
Witness:	Ronald A. Klote
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0130

DIRECT TESTIMONY

OF

RONALD A. KLOTE

ON BEHALF OF

EVERGY MISSOURI WEST

Kansas City, Missouri
January 2022

TABLE OF CONTENTS

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CASE NO. ER-2022-0130

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I. INTRODUCTION AND PURPOSE

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. I serve as Senior Director – Regulatory Affairs for Evergy Metro, Inc. d/b/a as Evergy Missouri Metro ("Evergy Missouri Metro"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central ("Evergy Kansas Central") the operating utilities of Evergy, Inc.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Evergy Missouri West.

Q: What are your responsibilities?

A: My responsibilities include the coordination, preparation and review of financial information and schedules associated with Company rate case filings, compliance filings and other regulatory filings.

Q: Please describe your education, experience and employment history.

A: In 1992, I received a Bachelor of Science Degree in Accountancy from the University of Missouri-Columbia. In May 2016, I completed my Master of Business Administration Degree from the University of Missouri – Kansas City. I am a Certified Public Accountant holding a certificate in the State of Missouri. In 1992, I joined Arthur Andersen, LLP holding various positions of increasing responsibilities in the auditing division. I conducted and led various auditing engagements of company financial statements. In 1995, I joined Water District No. 1 of Johnson County as a Senior Accountant. This position involved operational and financial analysis of water operations. In 1998, I joined Overland Consulting, Inc. as a Senior Consultant. This position involved special accounting and auditing projects in the electric, gas, telecommunications and cable industries. In 2002, I joined Aquila, Inc. ("Aquila") holding various positions within the Regulatory department until 2004 when I became Director of Regulatory Accounting Services. This position was primarily responsible for the planning and preparation of all accounting adjustments associated with regulatory filings in the electric jurisdictions. As a result of the acquisition of Aquila by Great Plains Energy Incorporated ("GPE"), I began my employment with Kansas City Power & Light Company ("KCP&L") as Senior Manager, Regulatory Accounting in July 2008. In April 2013, I joined the Regulatory Affairs department as a Senior Manager remaining in charge of Regulatory Accounting responsibilities. In December 2015, I became Director, Regulatory Affairs continuing my Regulatory Accounting responsibilities. In addition, I was responsible for the coordination, preparation and filing of rate cases and rider filings

in our electric jurisdictions. In October 2021, I became Senior Director of Regulatory Affairs and I continue in that position today with Evergy.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("Commission" or "MPSC") or before any other utility regulatory agency?

A: Yes. I have testified before the MPSC, Kansas Corporation Commission, California Public Utilities Commission, and the Public Utilities Commission of Colorado.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to: (i) describe the revenue requirement model and schedules that are used to support the rate increase Evergy Missouri West is requesting in this proceeding (Schedules RAK-1 through RAK-3 attached to this testimony) (Section II); and (ii) to identify the witnesses who support various accounting adjustments listed on the Rate Base and Summary of Adjustments (Schedule RAK-2 and RAK-4 attached to this testimony) and provide support on various accounting adjustments. As discussed in Section IV of my Direct Testimony, these include but are not limited to adjustments for various pensions and Other Post Employment Benefits, Plant In Service Accounting ("PISA"), Pay As You Save ("PAYS®") Program, storm reserves, amortization of the Sibley Accounting Authority Order ("AAO") and COVID AAO amortization.

II. REVENUE REQUIREMENT MODEL AND SCHEDULES

Q: What is the purpose of Schedules RAK-1 through RAK-3?

A: These schedules represent the key outputs of the Company's revenue requirement model used to support the rate increase that Evergy Missouri West requests in this proceeding. Schedule RAK-1 shows the revenue requirement calculation. Schedule RAK-2 lists the

rate base components, along with the sponsoring witnesses. Schedule RAK-3 is the adjusted income statement.

Q: Were the schedules prepared either by you or under your direction?

A: Yes, they were.

Q: Please describe the process the Company used to determine the requested rate increase.

A: We utilized our historical ratemaking preparation process to determine the rate increase request. We used historical test year data from the financial books and records of the Company as the basis for operating revenues, operating expenses and rate base. We then adjusted the historical test year data to reflect: (i) normal levels of revenues and expenses that would have occurred during the test year; (ii) annualizations of certain revenues and expenses; (iii) amortizations of regulatory assets and liabilities; and (iv) known and measurable changes that have been identified since the end of the historical test year. We then allocated the adjusted test year data to arrive at operating revenues, operating expenses, and rate base applicable to the Evergy Missouri West jurisdiction. We subtracted operating expenses from operating revenues to arrive at operating income. We multiplied the net original cost of rate base times the requested rate of return to determine the net operating income requirement. This was compared with the net operating income available to determine the additional net operating income before income taxes that would be needed to achieve the requested rate of return. Additional current income taxes were then added to arrive at the gross revenue requirement. This requested rate increase is the amount necessary for the post-increase calculated rate of return to equal the rate of return proposed by Evergy Missouri West witness Kirkland Andrews in his Direct

Testimony and supported by Evergy Missouri West Witness Ann Bulkley in her Direct Testimony. In addition, Witness Andrews addresses late changes to projected May 31, 2022, Evergy Missouri West capital structure that will be reflected in the revenue requirement model in the true-up to this case. Finally, Evergy Missouri West Witness Melissa Hardesty addresses the Company's proposed treatment of any federal corporate tax rate changes which may be enacted before the true-up period in this case.

III. TEST YEAR

Q: What historical test year did Evergy Missouri West use in determining rate base and operating income?

A: The revenue requirement schedules are based on a historical test year of the 12 months ending June 30, 2021, with known and measurable changes projected through May 31, 2022. At the true-up date, we plan to true up to actuals as part of the true-up process associated with this rate case proceeding.

Q: Why was this test year selected?

A: The Company used the 12-month period ending June 30, 2021 for the test year in this rate proceeding because that period reflects the most currently available quarterly financial information to provide adequate time to prepare the revenue requirement for this case.

Q: Does Evergy Missouri West's test year expense reflect an appropriate allocation of Evergy Metro and Evergy Kansas Central ("Evergy Kansas Central") overhead to Evergy Missouri West and other affiliated companies?

A: Yes, Evergy Metro and Evergy Kansas Central incur costs for the benefit of Evergy Missouri West and other affiliated companies and these costs are billed out as part of the normal accounting process. Certain projects and operating units are set up to allocate

costs among the various affiliated companies based on appropriate cost drivers while others are set up to assign costs directly to the benefiting affiliate.

Q: Does Evergy Missouri West incur costs that are allocated to Evergy Metro and Evergy Kansas Central?

A: Yes. These are not as significant as the costs allocated from Evergy Metro and Evergy Kansas Central, but Evergy Missouri West does incur some costs that are allocated to Evergy Metro and Evergy Kansas Central.

Q: Why is a true-up period needed for this rate case?

A: Historically, rate cases have included true-up periods which provide for updates to test year data. This process allows for changes in cost levels included in the test year to be updated to the most current information as of a specified date which is closer to the date rates are to become effective. This allows for a proper matching of rate base, revenues and expenses to account for known and measureable changes that have occurred since the end of the test year. As stated above the Company is requesting a true-up date effective May 31, 2022 in order to provide this update to rate base, revenues and expenses in this rate case.

IV. ACCOUNTING ADJUSTMENTS

Q: Please discuss Schedule RAK-4.

A: This schedule presents a listing of adjustments to net operating income for the 12 months ended June 30, 2021, along with the sponsoring Company witnesses. Various Company witnesses will support, in their direct testimonies, the need for each of these adjustments.

Q: Please explain the adjustments to reflect normal levels of revenues and expenses.

A: Adjustments are made to reflect "normal" levels of revenues and expenses; for example, retail revenues are adjusted to reflect revenue levels that would have occurred if the weather had been "normal" during the test year.

Q: Please explain the adjustments to annualize certain revenues and expenses.

A: Revenues are annualized to reflect anticipated customer growth during the true-up period. Annualization adjustments have been made to reflect an annual level of expense in cost of service, such as the annualization of payroll and depreciation expenses. The former reflects a full year's impact of recent and expected pay increases, while the latter reflects the impact of a full year's depreciation on plant additions included in rate base.

Q: Please explain the adjustments to amortize regulatory assets and liabilities.

A: Various regulatory assets and liabilities have been established in past Evergy Missouri West jurisdictional rate cases. These assets/liabilities are then amortized over the number of years authorized in the orders for the applicable rate cases. Adjustments are sometimes necessary to annualize the amortization amount included in the test year or remove amortizations that have ceased during the test year.

Q: Did the Company comply with the prospective tracking of regulatory assets and liabilities as agreed to in the Non-Unanimous Stipulation and Agreement from Rate Case No. ER-2018-0146 ("2018 Case")?

A: Yes. In this rate case filing Evergy Missouri West complied with this agreement and reflected the prospective tracking treatment of regulatory assets and liabilities in accordance with this agreement. Please see the individual regulatory asset and regulatory

liability adjustments that describe the prospective treatment where applicable in the Direct Testimony of Company witness Linda Nunn.

Q: Please explain the adjustments to reflect known and measurable changes that have been identified since the end of the historical test year.

A: These adjustments are made to reflect changes in the level of revenue, expense, rate base and cost of capital that either have occurred or are expected to occur prior to the true-up date in this case. For example, payroll expense and fuel costs have been adjusted for known and measurable changes.

Q: Do the adjustments listed on Schedule RAK-4 and discussed throughout the remainder of this testimony and other Evergy Missouri West witnesses testimony entail an adjustment of test year amounts?

A: Yes, the adjustments summarized on Schedule RAK-4 and discussed in this testimony and other Evergy Missouri West witnesses' testimony reflect adjustments to the test year ended June 30, 2021.

RB-20 PLANT IN SERVICE

Q: Please explain adjustment RB-20.

A: Evergy Missouri West rolled the test year ended June 30, 2021 plant balances forward to May 31, 2022, by using the Company's actual results through June 2021 and the 2021-2022 capital budgets for subsequent additional capital additions post June 2021. Projected plant additions net of projected retirements were added to actual balances through June 2021 to arrive at projected plant balances at May 31, 2022.

Q: Was the Transmission and Distribution Plant disallowance adjustment contemplated in the Stipulation and Agreement in Case No. ER-2012-0175 ("2012 Case") included in RB-20.

A: Yes. Per the Stipulation and Agreement in the 2012 Case, the Company agreed to reduce its Transmission and Distribution Plant in rate base by $8 million. This disallowance was included in adjustment RB-20.

Q: Was the Crossroads Generating Station included in rate base in this rate case reflective of previous case disallowances?

A: Yes. Adjustment RB-20 includes the disallowance adjustment associated with the Crossroads Generating Station. The Crossroads Generating Station is included in rate base for the following amounts for plant of $65,921,909 and accumulated depreciation of $31,603,042 (RB-30). These amounts are the roll forward jurisdictional amounts at May 31, 2022 consistent with the amount of plant and accumulated depreciation after the disallowance adjustment that was included in Case Nos. ER-2010-0356, ER-2012-0175, ER-2016-0156 and ER-2018-0146.

RB-30 RESERVE FOR DEPRECIATION

Q: Please explain adjustment RB-30.

A: This adjustment rolls forward the Reserve for Depreciation from June 30, 2021 to balances projected as of May 31, 2022.

Q: How was this roll-forward accomplished?

A: The depreciation/amortization provision component was calculated in two steps: (i) the June 2021 depreciation provision was multiplied by eleven months to approximate the provision that will be charged to the Reserve for Depreciation from July 2021 through

May 2022 for plant existing at June 30, 2021; and (ii) by estimating the depreciation/amortization through May 31, 2022 attributable to projected net plant additions from July 2021 through May 2022. In the second step, we assumed the net plant additions occurred ratably over this period.

Q: Was the impact of retirements included in the roll-forward?

A: Yes. Projected retirements for the period July 2021 through May 2022 were based on actual test period retirements except for Heavy Trucks and General Plant Amortization accounts. For Heavy Truck vehicles, the company projected retirements based on a 2 year average due to the high number of retirements that occurred in the test period. For General Plant Amortization accounts, the company used the actual amount of retirements that are expected to occur in December 2021 as the value is already known.

Q: Were the accumulated depreciation impacts for the Crossroads disallowance and the Transmission and Distribution Plant disallowances discussed in adjustment RB-20 reflected in Adjustment RB-30?

A: Yes. Both the Crossroads disallowance and the Transmission and Distribution Plant disallowance were included in adjustment RB-30.

Q: What additional adjustment to the accumulated reserve was made?

A: In the 2018 Case, the Company entered into a Non-unanimous Partial Stipulation and Agreement regarding the deferral of depreciation expenses for plants included in the revenue requirement that were subsequently retired. Specifically, the agreement identified Sibley units 1, 2 and 3, including common plant and Lake Road unit 4/6. The Stipulation provided that upon retirement depreciation expense included in the revenue requirement would be deferred into a regulatory liability and subsequently moved to the

accumulated reserve. The Company has included the forecasted amount of this regulatory liability for Sibley 1, 2 and 3, including common plant, as of November 2022 in the accumulated reserve in this case which increases the total accumulated reserve balance. The Company did not retire Lake Road unit 4/6 during this time period and thus no deferral to a regulatory liability was required.

Q: Regarding the additional annual amortization that was agreed to by the parties in the 2016 Case, was the annual amortization amount appropriately included in the depreciation study and ultimately included in the appropriate accumulated reserve accounts?

A: Yes it was. In the 2016 rate case, the Non-Unanimous Stipulation and Agreement provided for the collection of an annual amortization amount equal to $7.2 million. The Stipulation and Agreement reads as follows:

> *In addition to the attached schedule, GMO (now Evergy MO West) shall be allowed to collect an annual amortization amount equal to $7.2 million. This additional amortization shall be booked and accounted for on an annual basis until GMO's next general electric rate case. In GMO's next filed rate case the Commission will determine the distribution of the additional amortization. The balance will be used to cover any deficiencies in reserves across production, transmission and distribution accounts.*

Due to the short window between the 2016 rate case and the 2018 rate case there was no full depreciation study conducted. As such, in the 2018 rate case there was a Non-unanimous Partial Stipulation and Agreement entered into that stated the following:

> *GMO will cease the recording of the additional $7.2 million amortization from its revenue requirement calculation. GMO will apply the accumulated amortization amount to steam production plant and in GMO's next depreciation study, the accumulated amortization amount will be reflected in the Sibley depreciation accrual FERC Account 312 including non-unit train sub accounts.*

As such, after the 2018 rate case the Company ceased recording the annual amortization amount and subsequently included the accumulated annual amortization amount in the Company's depreciation study conducted by Company witness John Spanos in FERC Account 312. The accumulated reserve appropriately reflects this amount in the revenue requirement calculation.

Q: **Has the Company undertaken a decommissioning project since the Company's last rate case?**

A: Yes. Subsequent to the retirement of the Sibley Generating Station the Company undertook the project of a complete full dismantlement of the facility.

Q: Please describe this project.

A: Evergy retained Burns & McDonnell Engineering Company, Inc. ("Burns & McDonnell") to assist, as Owner's Engineer, with the demolition of the former Sibley Generating Station located at 33200 E Johnson Road, Sibley, Missouri (Site). Simultaneously, in a separate scope of work, impoundment closure activities were conducted at the Site, including closure of some on-site process and wastewater treatment ponds, cover of the coal combustion residual (CCR) landfill, establishment of a soil borrow area, final Site grading, and Site restoration. Demolition was completed by Brandenburg and Civil Activities were completed by Kissick Construction. Demolition and abatement began on December 20, 2019. Abatement of asbestos was completed on November 25, 2020. Other regulated and hazardous materials were removed from the facility prior to demolition, and additional sampling was performed as required during abatement/demolition activities. Demolition Substantial Completion was met, and

Brandenburg demobilized from the Site on October 22, 2021. Demolition Final Completion of Bradenburg's scope was met on December 13, 2021.

Q: What are the expected planned costs of the full dismantlement of the Sibley Generating Station?

A: The estimated total decommissioning costs is approximately $37.5M.

Q: Is this project expected to be completed before the true-up date in this rate case?

A: Yes. The project was substantially complete by December 31, 2021.

Q: Explain how expenditures associated with decommissioning a plant are recorded?

A: Expenditures for decommissioning a plant are recorded as cost of removal to accumulated depreciation. The cost of removal relates to either asset retirement obligations ("ARO") or normal retired plant in-service. The cost of removal related to the an ARO offsets the liability until the ARO is completed. Once the ARO is complete, then it is recorded to accumulated depreciation as cost of removal. The cost of removal related to normal retired plant in-service is recorded to accumulated depreciation as cost of removal. Decommissioning costs are incorporated into Depreciation Studies by including them in the reserve and historically have been recovered after incurred over the life of the other facilities.

Q: How are the costs associated with the Sibley Generating Station decommissioning project proposed to be recovered?

A: Since the costs associated with the Sibley Generating Station have not previously been recovered in depreciation expense in prior periods, the costs as previously discussed have been recorded to the accumulated reserve as a debit, decreasing the total accumulated reserve account thus increasing net plant. This activity will be included in rate base at the

true-up in this rate case and ultimately recovered like all other capital expenditures which includes both a return on amount and a return of amount included in depreciation expense. This is the proper regulatory accounting treatment of decommissioning capital expenditures that have been recorded associated with the Sibley Generating Station. The Company requests the Commission approve this recovery in this rate case.

RB-85 PLANT IN SERVICE ACCOUNTING ("PISA") REGULATORY ASSET
CS-93 AMORTIZATION OF PISA REGULATORY ASSET

Q: Please explain the background that led to adjustment RB-85.

A: On January 1, 2019, the Company elected to participate in PISA pursuant to Missouri Senate Bill 564, which became law on June 1, 2018. It is effective for five years until December 2023 with an option to re-elect for another five years with Commission approval. PISA allows deferral into a regulatory asset the depreciation expense and return on investment associated with 85% of qualifying rate base additions between rate cases including carrying costs at the Company's weighted average cost of capital. At least 25% of annual capital expenditures must consist of grid modernization projects as broadly defined in the statute. Another key provision of PISA is it prevents rate increases from exceeding a compound annual growth rate of 3.0%, and enables increased renewable energy investments. PISA is similar to construction accounting in that it permits the utility to partially recover the cost of investing in capital projects, thus reducing the disincentive to invest created by regulatory lag.

Q: What are the benefits associated with the PISA regulatory asset?

A: Please see the testimony of Company witness Darrin Ives which includes a discussion of the benefits associated with the PISA regulatory asset.

Q: Please explain what is included in qualifying rate base additions?

A: Qualifying electric plant is defined in section 393.1400 of Senate Bill 564 as follows:

> All rate base additions, except rate base additions for new coal-fired generating units, new nuclear generating units, new natural gas units, or rate base additions that increase revenues by allowing service to new customer premises.

The Company has calculated its PISA deferrals associated with rate base additions that follow these guidelines.

Q: What recovery does 393.1400RSMo. prescribe for the PISA regulatory asset that has been established?

A: 393.1400RSMo. allows for the regulatory asset that has been accumulated to be included in rate base. The Company has forecasted the amount expected at the time of the true up in this rate case and included it in rate base in its revenue requirement calculation. In addition, the regulatory asset will be amortized over a 20 year period according to the statute.

Q: Please explain adjustment RB-85.

A: Adjustment RB-85 includes the projected deferral of the PISA regulatory asset balance at May 31, 2022, in rate base. For qualifying electric plant, this regulatory asset deferral includes 85% of the deprecation expense recorded once the asset has been placed in service. In addition, the deferral includes 85% of the return on the plant that has been placed in service between rate cases.

Q: Please explain adjustment CS-93.

A: The projected deferral of the PISA regulatory asset balance at May 31, 2022, will be amortized over 20 years as set out in the statute. An annual amortization amount was included in Adjustment CS-93.

RB-86 PAY AS YOU SAVE ("PAYS") REGULATORY ASSET
R-40 PAYS REVENUE OFFSET NORMALIZATION
CS-135 PAYS AMORTIZATION

Q: Please explain the PAYS program?

A: Pursuant to the Amended Report and Order in File No. EO-2019-0132, the Company was required to offer a one-year Pay As You Save ("PAYS") pilot program ("Pilot") to move forward with MEEIA Cycle 3. The Pilot program costs are to be recovered from customers in two ways. First, customers directly participating in the Pilot will pay a monthly service charge, as defined in the PAYS tariff. Second, a portion of the Pilot program costs will be recovered through the Company's Missouri Energy Efficiency Investment Act ("MEEIA") Demand Side Investment Mechanism ("DSIM") rider and through the Company's base retail rates. After installation of equipment and customer financing arrangements have been made, the equipment costs are recorded as a regulatory asset. The MEEIA DSIM rider will recover the difference between the 3% equipment financing costs paid by the participant and our standard weighted average cost of capital rate of return, from the point of when the participant initiates the installation of the customer equipment until when program equipment costs are included in the Company's base rates. This amount will cease to be recovered through the MEEIA DSIM rider once the regulatory asset is included in base rates. The program costs accumulated in the regulatory asset are then included in the rate base and the regulatory asset will be amortized over a period not to exceed 12 years. This will allow for recovery of a return on and of the costs recorded in the regulatory asset.

Q: Please explain adjustment RB-86.

A: Adjustment RB-86 includes the PAYS-financed regulatory asset projected at the true-up date May 31, 2022 which is included in rate base in the Company's revenue requirement proposed in this rate case.

Q: Please explain adjustment R-40.

Included in the revenue requirement calculation is an annualized level of PAYS revenue which includes principal and interest payments associated with the equipment installed associated with the PAYS program. Adjustment R-40 recognizes expected annualized revenue at May 31, 2022.

Q: Please explain adjustment CS-135.

A: Adjustment CS-135 reflects annualized amortization of the PAYS-financed regulatory asset expected at the true-up date over twelve years.

CS-61/RB-61 OTHER POST-EMPLOYMENT BENEFITS

Q: Please explain adjustments CS-61 and RB-61.

A: CS-61 is the adjustment for Other Post-Employment Benefits ("OPEB") expense as recorded under Accounting Standards Codification No. 715, Compensation-Retirement Benefits to an annualized level for ratemaking purposes for Evergy Missouri West's portion of the Evergy postretirement benefit plans. Previously the accounting guidance was referred to as Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" (FAS 106) and this description will continue to be used in the regulatory process.

RB-61 is the roll forward of the FAS 106 regulatory liability and the prepaid OPEB regulatory asset to the projected true-up date of May 31, 2022.

Q: Do these adjustments take into consideration OPEB expense billed to joint partners, billed to affiliated companies, and charged to capital?

A: Yes, for adjustment CS-61 total company costs are adjusted for projected billings to affiliates and joint partners and charges to capital, based on data from the payroll adjustment discussed later in this testimony (adjustment CS-50). Adjustment RB-61 also takes into account billings to joint partners and affiliates, but the balances are before charges to capital.

Q: Please explain the components of adjustment CS-61.

A: CS-61 has two components which include (1) the annualized FAS 106 expense for the Company's OPEB plans based on the projected 2022 cost provided by the Company's actuary, Willis Towers Watson; and (2) the five-year amortization of the FAS 106 regulatory liability.

Q: Was annualized OPEB expense determined in accordance with established regulatory practice?

A: Yes, annualized OPEB expense was determined based on the methodology established in the Non-Unanimous Stipulation and Agreement in the 2018 Case.

Q: What is the amount of FAS 106 expense currently built into rates?

A: The Non-Unanimous Stipulation and Agreement in the 2018 Case established the annual FAS 106 amount in rates at $734,279, after removal of capitalized amounts and the portion of MO West's annual OPEB cost allocated to MO West's joint partners, but before the inclusion of FAS 106 amortization.

Q: What is the comparable level of FAS 106 expense on a total company Missouri basis included in cost of service for this case?

A: The comparable amount included in cost of service in this case is $192,433.

Q: Please explain the FAS 106 regulatory liability.

A: This regulatory liability represents the cumulative unamortized difference in FAS 106 OPEB expense for ratemaking purposes and the postretirement expense built into rates.

Q: How was the FAS 106 regulatory liability rolled forward to the May 31, 2022, balance?

A: The FAS 106 OPEB regulatory liability balance at June 30, 2018 was adjusted by the projected difference between FAS 106 expense for Missouri ratemaking purposes and the FAS 106 amount built into rates for the period July 1, 2018 through May 31, 2022. The balance was also adjusted for the projected amortizations for the July 1, 2018 through May 31, 2022 time period.

Q: What is the projected FAS 106 regulatory liability balance at May 31, 2022?

A: The FAS 106 regulatory liability is projected to be $4,989,483 at May 31, 2022.

Q: Is the FAS 106 regulatory liability properly includable in rate base?

A: Yes, the FAS 106 regulatory liability is included in rate base consistent with the Non-Unanimous Stipulation and Agreement in the 2018 Case.

Q: Does adjustment CS-61 take into consideration OPEB expense billed to Evergy Missouri West as a joint partner in the Iatan 1 and 2 generating units and amounts charged to capital?

A: Yes it does**,** based on data from the payroll adjustment.

Q: Does the Company request to continue the regulatory treatment of OPEB costs?

A: Evergy would like to propose a change to the method used for regulatory accounting purposes for OPEB expense. Evergy is currently maintaining OPEB expense calculations on different accounting methods to meets its various reporting requirements which creates a complicated series of calculations. Evergy would like to continue the trend of delivering customer savings by simplifying prospective OPEB expense calculations and utilizing the Evergy Generally Accepted Accounting Principles ("GAAP") accounting method for regulatory purposes. Simplifying the OPEB expense calculation would reduce actuarial and accounting costs for the plan resulting in annual customer savings. In order to maintain rate neutrality, the difference in unrecognized losses between the regulatory method and the Evergy GAAP method would need to be amortized as an additional fixed adjustment for regulatory purposes. See my discussion below included in CS-65/RB-65 Pension Costs section which explains this request more fully.

CS-65/RB-65 PENSION COSTS

Q: Please explain adjustments CS-65 and RB-65.

A: CS-65 is the adjustment for pension expense as recorded under Accounting Standards Codification No. 715, Compensation-Retirement Benefits to an annualized level for ratemaking purposes. Previously the accounting guidance was referred to as Financial Accounting Standards No. 87 "Employers' Accounting for Pensions" (FAS 87) and No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" (FAS 88) and these descriptions will continue to be used in the regulatory process.

RB-65 is the roll forward of the FAS 87, FAS 88 and prepaid pension regulatory assets to their projected May 31, 2022 balances.

Q: Do these pension adjustments take into consideration pension expense billed to Evergy Missouri West as a joint partner in the Iatan 1 and Iatan 2 generating units as well as amounts charged to capital?

A: Yes, they do, based on data from the payroll adjustment discussed later in this testimony (adjustment CS-50).

Q: Please explain the components of adjustment CS-65, pension expense.

A: CS-65 consists of the Evergy Missouri West's share of the annualized FAS 87 expense which is based on the projected 2022 total company cost provided by the Company's actuarial firm, Willis Towers Watson. In addition, annualized pension expense includes the five-year amortization of the FAS 87 and FAS 88 regulatory assets.

Q: Was annualized pension expense determined in accordance with established regulatory practice?

A: Yes, except Evergy is proposing to develop the annualized pension expense based on the Evergy GAAP method in order to create more efficiencies in the accounting of pension costs across jurisdictions. I have included a more detailed explanation of this proposal later in my testimony..

Q: What is the amount of FAS 87 expense on a total company basis currently built into rates for MO West?

A: The 2018 Pension and OPEB Stipulation and Agreement established the annual total company amount of FAS 87 expense built into rates at $22,229,953 for Evergy Missouri West. This amount is 1) after removal of capitalized amounts and 2) after inclusion of

the portion of Metro's annual pension cost which is allocated to Evergy Missouri West for its joint owner share of Metro's Iatan 1 and Iatan 2 generating unit/stations, but 3) before inclusion of allowable Supplemental Executive Retirement Plan ("SERP") pension costs and 4) before amortization of pension-related regulatory assets/liabilities.

Q: What is the comparable level of FAS 87 expense for Evergy Missouri West on a total company basis included in cost of service for this case?

A: The comparable amount included in cost of service in this rate case for Evergy Missouri West is $9,447,191.

Q: Please explain the FAS 87 regulatory asset?

A: This regulatory asset represents the projected cumulative unamortized difference in FAS 87 pension expense for ratemaking purposes and pension expense built into rates. The balance is rolled forward to May 31, 2022 to determine the proper amount to be included in rate base and upon which to base an annualized amortization in this case.

Q: How was the FAS 87 regulatory asset rolled forward to the May 31, 2022 balance?

A: The total company FAS 87 pension regulatory asset balance at June 30, 2018 was adjusted by the projected total company difference between FAS 87 expense for Missouri ratemaking purposes and the FAS 87 expense built into rates for the period July 1, 2018 through May 31, 2022. The regulatory asset balance was also reduced by the projected amortizations for the July 1, 2018 through May 31, 2022 period.

Q: What is Evergy Missouri West's projected amount at May 31, 2022 for the FAS 87 regulatory asset on a total company basis?

A: Evergy Missouri West's FAS 87 regulatory asset is projected to be $9,470,983 at May 31, 2022.

Q: Why was a five-year amortization period used for the FAS 87 regulatory asset?

A: A five-year amortization period was used consistent with the 2018 Case Pension and OPEB Stipulated Amounts.

Q: Is the FAS 87 regulatory asset properly includable in rate base?

A: Yes, it is included in rate base per the Non-Unanimous Stipulation and Agreement in the 2018 Case.

Q: Please explain the FAS 88 regulatory asset?

A: This regulatory asset represents the cumulative deferred costs for pension plan settlements accounted for under FAS 88. Because these do not occur on a regular basis, they are tracked by vintage for ease of calculation and discussion. This case will include four vintages: (1) the 2017 vintage for settlements related to the Joint Trusteed Pension Plan during 2017 which was approved in the 2018 Case for amortization over five years; and (2) the 2019, 2020, and 2021 settlement costs.

Q: What is Evergy Missouri West's projected cumulative FAS 88 regulatory balance at May 31, 2022?

A: Evergy Missouri West's projected FAS 88 regulatory asset at May 31, 2022 is $10,068,824. The balance consists of $1,724,665 for the 2017 vintage, $5,066,905 for the 2019 vintage, $1,868,294 for the 2020 vintage, and $1,408,960 for the 2021 vintage. The 2021 vintage includes settlement charges through September 30, 2021 and will need to be adjusted to include final 2021 settlement charges once those amounts are available from the actuaries.

Q: Why was a five-year amortization period used for the FAS 88 regulatory asset?

A: A five-year amortization period was used consistent with the Non-Unanimous Stipulation and Agreement in the 2018 Case.

Q: Is the FAS 88 regulatory asset included in rate base?

A: No, it is not included in rate base in accordance with the Non-Unanimous Stipulation and Agreement in the 2018 Case.

Q: Please explain the prepaid pension asset adjustment.

A: This asset represents the cumulative projected difference between pension expense computed under FAS 87 and contributions to the pension trusts. This adjustment was made to roll forward the prepaid pension regulatory asset to May 31, 2022 in order to determine the proper amount of the prepaid pension asset to be included in rate base.

Q: What is Evergy Missouri West's projected amount at May 31, 2022 for prepaid pension assets?

A: The prepaid pension asset is projected to be $0 for Evergy Missouri West at May 31, 2022.

Q: Does annualized pension expense include SERP expense?

A: No, SERP expense is considered separately in adjustment CS-62 which is discussed later in this testimony.

Q: Does the Company request to continue the regulatory treatment of pension costs?

A: Yes. However, as stated previously in order to create efficiencies in the accounting of pension and OPEB costs, Evergy would like to propose a change to the method used for regulatory accounting purposes for pension expense. Evergy is currently maintaining pension expense calculations on different accounting methods to meet its various

reporting requirements, which creates a complicated series of calculations to track pension expenses. These different pension expense calculations are referred to by the following:

Evergy GAAP – This is GAAP accounting used for Evergy corporate accounting and reflects acquisition accounting.

GPE GAAP – This is GAAP accounting used for legacy GPE legal entity reporting and does not reflect acquisition accounting.

GPE Regulatory – This is regulatory accounting used for regulatory purposes for the legacy GPE entities and does not reflect acquisition accounting.

These different pension and OPEB accounting methodologies create a complex set of assumptions and calculations that must be maintained annually. Evergy would like to continue the trend of delivering customer savings by simplifying prospective pension and OPEB expense calculations and utilize the Evergy GAAP accounting method for regulatory purposes. Simplifying the pension and OPEB expense calculation would reduce actuarial and accounting costs over time for the pension and OPEB plans resulting in annual customer savings.

Q: Why is Evergy required to maintain different accounting methods for both pension and OPEB accounting?

A: There are various reporting requirements impacting both pension and OPEB accounting which include both SEC and regulatory accounting reporting. For SEC reporting purposes, Evergy Kansas Central was considered the acquiring entity in the company merger and United States GAAP required Evergy to adopt acquisition accounting for the Evergy Metro and Evergy Missouri West portion of pension and OPEB costs. This

accounting methodology is referred to as Evergy GAAP. In addition, for regulatory purposes Evergy Metro and Evergy Missouri West maintain a separate method of accounting (GPE Regulatory) for regulatory purposes, which continues to maintain the unrecognized losses that were included in acquisition accounting in Evergy GAAP.

Q: Why does it make sense to make the transition and consolidate pension accounting methodologies from a GPE Regulatory method to an Evergy GAAP methodology?

A: To state it simply, it will reduce complexity and create efficiencies between two pension accounting calculations that are closely aligned on key pension accounting methodologies such as asset smoothing periods and gain/loss amortization periods. For instance, asset gains/losses are smoothed over a four-year period for Evergy GAAP. For GPE Regulatory, these asset gains/losses are smoothed over a five-year period. Another example are net unrecognized gains/losses are amortized over the average remaining service period which currently equates to 11.7 years for Evergy GAAP. For GPE Regulatory, net unrecognized gains/losses are amortized over a period of 10 years. Therefore, you can see the two pension accounting calculations are quite similar in these approaches.

Q: What is the impact of transitioning to the Evergy GAAP accounting method for regulatory accounting purposes?

A: Pension expense as measured under both the Evergy GAAP accounting method and the GPE Regulatory accounting methodology are expected to result in a declining trend of pension expense over time. Evergy is proposing to create a one-time adjustment to transition from the GPE Regulatory accounting method to the Evergy GAAP accounting method. This one time adjustment results in the amortization of unrecognized losses that

have already been recognized in Evergy GAAP due to the impacts of acquisition accounting, but have not been amortized into pension expense for GPE Regulatory accounting. By making this one time adjustment and amortizing it over an extended period of time, the GPE Regulatory methodology can be transitioned to Evergy GAAP and benefits can be realized for both customers and the Company.

Q: What are these benefits that customers and the Company will see by making this transition?

A: As mentioned early, simplifying and consolidating ongoing pension and OPEB accounting calculations will reduce long term actuarial and accounting costs for the pension plan through efficiencies gained. In addition, by amortizing the unrecognized losses over an extended period of time rate payers will be kept neutral over the period and will create actual annualized pension expense savings over the next 5 years.

Q: Does the Company have to make a change in pension accounting methodologies and move to Evergy GAAP?

A: No. It is important for the Commission to know that the Company does not have to make the change to simplify pension accounting methodologies and can continue to have their actuary and internal accountants maintain different sets of pension accounting calculations and methodologies leaving the complexity that exists today. But, the Company believes this transition is in the best interest of the Company and its' customers and requests this Commission to approve its transition to Evergy GAAP.

Q: Have adjustments CS-61 and CS-65 been prepared using the Evergy GAAP transition to calculate its annualized level of pension and OPEB expense?

A: Yes.

CASH WORKING CAPITAL

Q: Please discuss Cash Working Capital ("CWC").

A: CWC is included in rate base as summarized on Schedule RAK-5.

Q: Why is it necessary to calculate an amount of CWC?

A: CWC is the amount of cash required by a utility to pay the day-to-day expenses incurred to provide utility service to its customers. A lead/lag study is generally used to analyze the cash inflows from payments received by the company and the cash outflows for disbursements paid by the company. When the utility receives payment from its retail customers for utility service less quickly than it makes the disbursements for utility expenses, then the company has a positive CWC requirement. Conversely, when the utility receives payment from its retail customers for utility service more quickly than it makes the disbursements for utility expenses it has a negative CWC requirement.

Q: How did you determine the amount of CWC for this rate case?

A: We partnered with Concentric Energy Advisors to perform a comprehensive lead/lag study. In general the work is consistent with the Company's previous rate cases. The application of the individual lead/lag factors to applicable amounts is shown on Schedule RAK-5. Please see the testimony of Evergy Missouri West Witness Michael Adams of Concentric Energy Advisors for discussion of work performed in supporting the lead/lag study.

R-82 TRANSMISSION REVENUE ANNUALIZED

Q: Please explain adjustment R-82.

The Company annualized transmission revenue recorded in FERC accounts 456009 - Miscellaneous Elec Oper Rev-Trans and 456100 - Trans of Elec for Others based on forecasted levels from January 2022 to May 2022.

Q: What is the annualized amount of adjustment R-82 Transmission Revenue - Annualized that the Company has included in its revenue requirement calculation in this case?

A: Evergy Missouri West included an annualized amount of $19,026,128 in adjustment R-82.

CS-39 IT SOFTWARE MAINTENANCE

Q: Please explain adjustment CS-39.

A: Adjustment CS-39 was made to include an annualized level of contracted software maintenance costs in this rate case. Evergy Missouri West included an annualized May 2022 budgeted amount in account 935000 with resources 1500 and 1504 to reflect an annual level of expense. The types of maintenance contracts that were annualized include: PowerPlan system, Cascade, Sailpoint, ESRI, Nokia, Cisco SmartNet, Oracle support, Solarwinds, Televent, and various hardware and software maintenance contracts.

CS-45 TRANSMISSION OF ELECTRICITY BY OTHERS

Q: Please explain adjustment CS-45.

A: The Company annualized transmission expense recorded in FERC account 565000 - Trans Of Elec By Other, 565020 - Trans Res Load Chg and 565027 -Trans By Other Demand based on forecasted levels for the period January 2022 to May 2022.

Q: Did the Company include an amount for transmission costs associated with the Crossroads Generating Station?

A: No. The forecasted annualized amount of Crossroads transmission expense for the period January 2022 to May 2022 was $16,089,601. Consistent with prior Commission Orders, this amount was removed from the annualized level of transmission expense included in the revenue requirement in this rate case and has and will continue to produce significant regulatory lag on Evergy Missouri West in providing regulated electric service to Missouri customers from the Crossroads facility.

Q: What is the annualized amount of adjustment CS-45 Transmission Expense - Annualized that the Company has included in its revenue requirement calculation in this case?

A: Evergy Missouri West included an annualized amount of $24,703,082 in adjustment CS-45.

CS-50 PAYROLL

Q: Please explain adjustment CS-50.

A: Evergy Missouri West annualized payroll expense based on the employee headcount as of June 30, 2021 adjusted for labor impacts of the energy efficiency rider implementation, multiplied by salary and wage rates expected to be in effect as of May 31, 2022.

Q: How were salary and wage rates determined?

A: Salary rates for non-bargaining employees were based on annual salary adjustments expected to be in effect as of May 31, 2022. Wage rates for bargaining (union) employees were based on contractual agreements. Currently, we are in negotiations with

all local unions. Any changes finalized from those negotiations are expected to be reflected at the true-up date May 31, 2022 in this rate case.

Q: Were amounts over and above base pay, such as overtime, premium pay, etc. included in the payroll annualization?

A: Yes, overtime was annualized at an amount equal to the average of overtime hours incurred for the 12 month periods ending December 2018, December 2019 and June 2021, multiplied by a current period composite hourly rate. Temporary and summer employees O&M labor were annualized at an average of these same 12 month periods as well. Amounts were included for other categories at test year levels.

Q: Does annualized payroll include payroll Evergy Metro and Evergy Kansas Central billed to Evergy Missouri West and other affiliates?

A: The annualization process includes all payroll, since all employees are either Evergy Metro employees or Evergy Kansas Central employees. However, annualized payroll included in this rate proceeding includes only Evergy Missouri West's allocated share of this cost.

Q: Was payroll expense associated with the Company's interest in the Jeffrey Energy Center generating station included in the payroll annualization?

A: Yes, it was.

Q: Does the payroll annualization adjustment take into consideration payroll billed to joint venture partners and payroll charged to capital?

A: Yes, the payroll annualization adjustment takes these factors into consideration.

Q: How was the payroll capitalization factor determined?

A: The Company used a three-year average payroll capitalization factor, as being representative of payroll capitalization going forward. The periods included in the three-year average capitalization factor included the 12 months ending December 2019, December 2020 and June 2021.

CS-51 INCENTIVE COMPENSATION

Q: Please explain adjustment CS-51.

A: Evergy Missouri West annualized incentive compensation based on a 3-year average of payouts for the 2018, 2019, and 2020 Plan Years. Adjustments were made to the annualized amount to remove all incentive compensation that was associated with metrics tied to earnings per share for the AIP Plan (executives only), and also the earnings per share portion included in the Variable Compensation Plan ("VCP") (non-union management personnel).

Q: Does this adjustment take into consideration incentive compensation billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes**,** based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

CS-53 PAYROLL TAXES

Q: Please explain adjustment CS-53.

A: The Company annualized FICA, Medicare, and FUTA payroll tax expense by applying the tax rate (assuming the FUTA and SUTA ceiling had been achieved) to the annualized O&M portions of base salary plus VCP, executive incentive compensation, overtime, premium, temporary wages, and Evergy Missouri West's share of Jeffrey Energy Center.

Q: Does this adjustment take into consideration payroll tax expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes**,** based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

CS-60 OTHER BENEFITS

Q: Please explain adjustment CS-60.

A: Evergy Missouri West annualized other benefit costs based on the projected costs included in the 2022 budget. This adjustment will be trued up to actual in the true-up phase of this rate case.

Q: What types of benefits are included in this category?

A: The most significant benefit is medical expense. In addition, dental, Company 401k match, various insurance and other miscellaneous benefits are included with the other benefits adjustment.

Q: Does this adjustment take into consideration benefits expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

A: Yes**,** based on data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

Q: Was other benefit expense associated with the Company's interest in the Jeffrey Energy Center generating station annualized in a similar manner?

A: Yes, it was.

CS-62 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP")

Q: Please explain SERP Expense.

A: SERP is an additional component to the standard pension plan and is customary in many companies due to limitations imposed by the IRS on standard retirement plans for executives.

Q: **Was SERP expense included in Adjustment CS-65 with pension costs?**

A: No.

Q: Please explain the CS-62 SERP Adjustment.

A: CS-62 consists of two components. First, Evergy Missouri West's portion of SERP costs for the previous entity Aquila's SERP plan is included in the calculation based on historical calculation as provided in previous Evergy Missouri West rate cases. Secondly, Evergy's SERP plan is included. Under the Evergy SERP plan, SERP costs are funded when the benefit is paid. Given that some plan participants elect a lump-sum payment method rather than an annuity, annual funding requirements can vary significantly between years. By using an average of total funding over a typical single life annuity period of 14.3 years for lump-sum payments, the adjustment reflects actual cash payments spread over time. Monthly annuity payments were normalized using a five-year average.

Test year amounts which are based on expense as calculated by the Company's actuaries are adjusted to reflect Evergy Missouri West's portion of SERP cash payments.

CS-72 STORM RESERVE

Q. Please explain why the Company is proposing to establish a storm reserve in this proceeding.

A. 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. Commissions have granted in the past regulatory mechanisms which allow for the establishment of operating reserves for future contingencies that are anticipated to be significant in nature. The establishment of a storm reserve would allow Evergy Missouri West to collect in rates the cost of storms that are significant in nature that are likely to occur in the future. Collecting amounts in rates prior to when the storm costs are actually incurred allows for the Company to maintain the distribution system to be shared by current and future customers and avoid placing all the burden on future customers who are using the system at the time the storm occurs.

Q: What are the benefits of a storm reserve?

A: The storm reserve will be used to levelize expenditures associated with significant storms benefitting both the customers through reduced rate volatility and 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.

Q: What is the Company proposing in adjustment CS-72?

A: The Company is proposing to set a reserve level and annualized level based upon a three year average of storms costs (2018, 2019, and 2020) where the non-labor costs related to individual storms were greater than $200,000. This average was then multiplied times three to establish the base reserve amount. An annual amount equal to the three year average has been included in the revenue requirement on an on-going basis. This is needed to continue to cover expenses paid out of the reserve over time due to the unpredictable and sporadic nature of storm events. The implementation of this reserve will be used to cover intermediate to large storms by using a $200,000 minimum storm level, but in the event a storm is very significant and impactful to Company operations this request does not preclude the Company from requesting an Accounting Authority Order if the magnitude of the storm warrants the request as has been done historically. In addition, please see the testimony of Company Witness Bruce Akin for additional discussion on why the Company has requested a Storm Reserve in this rate case.

Q: How is the Company proposing to establish the initial balance for the reserve?

A: Currently, the Company prospectively tracks regulatory assets and liabilities. As of the period ending just prior to rates going into effect, the Company will have a significant accumulation of prospectively tracked regulatory assets which have now become liabilities as a result of overcollection in rates. We propose to utilize a portion of the combined prospectively tracked regulatory liability to fund the establishment of this storm reserve. Please see Adjustment CS-113 in Company witness Linda Nunn's

testimony for further discussion of the prospectively tracked regulatory assets and liabilities.

Q: **How will storm costs be identified and tracked?**

A: When a storm occurs, non-labor restoration costs will be tracked by project ID in Maximo under work orders. The costs are monitored, and once a single event accumulates costs in excess of $200,000 these costs would be moved out of expense and booked as an offset to the established storm reserve.

CS-73 REMOVE STORM COSTS FROM TEST YEAR

Q: Please explain this adjustment.

A: Since we have annualized storm expense for storms greater than $200,000 in our storm reserve proposal discussed above, the test year amounts addressed by the annualization need to be removed from the test year cost of service. This adjustment removes test year non-labor storm costs over $200,000 per project for the purpose of establishing an appropriate level of storm related O&M expense. Maintenance related non-labor storm costs is addressed in CS-41.

CS-117 COMMON USE BILLINGS – COMMON PLANT ADDS

Q: What are common use billings?

A: Common use billings represent the monthly billings of common use plant maintained by Evergy Metro and Evergy Missouri West. Assets belonging to Evergy Metro and Evergy Missouri West may be used by another entity. This property, referred to as common use plant, is primarily service facilities, telecommunications equipment, network systems and software. In order to ensure that Evergy Metro and Evergy Missouri West's regulated entities do not subsidize other Evergy companies or jurisdictions, Evergy Metro or

Evergy Missouri West charge for the use of their respective common use assets. Monthly billings are based on the depreciation and/or amortization expense of the underlying asset and a rate of return is applied to the net plant basis. The total cost of all common use plant is then accumulated before being billed to the appropriate jurisdictions.

Q: Why was an adjustment needed from amounts included in the test year?

A: Included in plant adjustment RB-20 are plant additions that are expected to be placed into service prior to the true-up date in this rate case proceeding. These include capital additions associated with network systems and software that will be billed to Evergy Missouri West as part of the Common Use Billing Process. As such, this adjustment is the result of annualizing these costs for the test year to ensure an appropriate amount of Common Use Billings is included in Evergy Missouri West's cost of service.

Q: Please explain adjustment CS-117.

A: First, adjustment CS-117 computes the annual amortization expense and expected return on the new common use plant additions that will be included in rate base in this rate case proceeding. The annual amortization expense for the common use software additions is based on lives lasting five to fifteen years. The return component is based on the expected rate of return that will be used in this rate case proceeding. These annual amounts are accumulated and multiplied by one minus the Evergy Missouri West jurisdictional share of these assets which is based on the General Allocator. However, the common plant addition for the MEEIA Uplight software which will be billed on the number of customers allocator will not be allocated to the steam customers. Second, common plant additions for Evergy Kansas Central to be billed to Evergy Missouri West are amortized over 5-years, also including a return component, and is then multiplied by

the General Allocator to determine Evergy Missouri West's share. Lastly, the actual common use journal entry at June 30, 2021 is annualized. The resulting amount is then compared to the test year per books amount to determine the adjustment.

CS-120 DEPRECIATION

Q: Please explain adjustment CS-120.

A: We calculated annualized depreciation expense by applying jurisdictional depreciation rates to adjusted Plant in Service balances. The jurisdictional rates used in the annualization were those included in the depreciation study sponsored and described by Company witness John J. Spanos of Gannett Fleming.

Q. **What specific action does the Company request in regard to depreciation expense?**

A: The Company requests that the Commission authorize the use of depreciation rates proposed by Company witness John Spanos which are used to compute total depreciation expense in this rate case proceeding**.**

Q: Were there any additional depreciation rate requests in this case?

A: Yes. New Sub-Transmission accounts 35405, 35505, 35605, 35705 and 35805 were needed to segregate the 34.5KV assets for our distribution system Maximo. In addition, the Company is proposing to separate the Bags and Catalyst included in account 31200 into a separate 312 plant sub-account in order to assign a more appropriate life parameter established for these assets. Bags and Catalyst are filter layers in the baghouse that get replaced over a shorter cycle than the rest of the assets in account 31200.

Q: Does depreciation expense include any amount associated with the Sibley generating station retirement?

A: Yes it does. As described in Company witness John Spanos testimony, the Company has included in depreciation expense an amount associated with the remaining unrecovered net book value of the Sibley generating station. The amount recorded in the accumulated reserve associated with the retired Sibley generating station is amortized over a 20-year period.

CS-121 AMORTIZATION

Q: Please explain adjustment CS-121.

A: We annualized amortization expense applicable to certain plant including computer software, land rights and other intangibles, by multiplying June 2021 amortization expense by twelve. The company added to the intangible plant amounts, an annualized amortization expense amount on projected intangible plant net additions for the period July 2021 through May 2022.

Q: What amortization periods were used to amortize intangible assets?

A: Computer software, the most significant intangible asset, is amortized over a five-year amortization period consistent with the Company's past practice. Cost of land rights is amortized using rates that vary by function, consistent with the Company's past practice. Accumulated amortization is maintained by each individual intangible asset, other than land rights which is maintained in total by account, and amortization stops when the net book value reaches zero.

CS-132 AMORTIZATION OF SIBLEY REGULATORY LIABILITY

Q: Please provide what the Company was Ordered to do in File No. EC-2019-0200 associated with the Sibley Generating Station retirement.

A: In the Report and Order effective October 27, 2019 in File No. EC-2019-0200 the Company was Ordered to do the following associated with the retirement of its Sibley Generating Station:

> *KCP&L Greater Missouri Operations Company(now Evergy Missouri West) shall record as a regulatory liability in Account 254 the revenue and the return on the Sibley unit investment collected in rates for non-fuel operations and maintenance cost, taxes, including accumulated deferred income taxes, and all other costs associated with Sibley units 1, 2, 3 and common plant. The regulatory liability should quantify separately dollars related to return and other cost of service expense savings.*

Q: Did the Company comply with this Order?

A: Yes. The Company did comply with this Order and recorded to a regulatory liability account 254080 the revenues associated with the return on the net book value of the Sibley Generating Station that was included in rates in the last rate case as well as return on other rate base components included in rates in the 2018 rate case associated with the Sibley Generating Station. In addition, the Company recorded to a regulatory liability account 254081 the operational and maintenance expenses that had ceased at Sibley's Generating Station but were included in rates.

Q: Where there any other entries recorded?

A: Yes. First as part of the Stipulation and Agreement in the 2018 rate case the Company agreed to the following associated with depreciation expenses attributable to the Sibley Generating Station:

> *GMO (now Evergy Missouri West) will create a regulatory liability to capture the amount of depreciation expense included in GMO's revenue requirement beginning when each of the following units is retired and depreciation expense is*

no longer recorded on GMO's books: Sibley units 1, 2, and 3, including common plant, and Lake Road unit 4/6. The depreciation amounts will accumulate in the regulatory liability account until new customer rates are established in a subsequent rate case. At that time, the regulatory liability account will be closed into accumulated depreciation. Additionally, the closing of this regulatory liability into accumulated depreciation will be reflected in rates that are established in that rate case.

As discussed previously in my testimony, the Company did record to a regulatory liability account the amount of depreciation expense included in Evergy Missouri West's revenue requirement associated with the Sibley Generating Station after it was retired. This regulatory liability was included in the accumulated reserve calculation in this rate case's revenue requirement calculation.

Q: What other entries were recorded?

A: As part of File No. EO-2020-0262, Evergy Missouri West was ordered to do the following:

- *Evergy Missouri West will remove Sibley retirement costs included in Accumulation Period 23 (File No. ER-2019-0198) from its FAC calculation through an Ordered Adjustment of $1,039,646, or $984,898 Missouri jurisdictional and 95% sharing applied.*
- *Evergy Missouri West will remove $984,898, with interest, from the FAC in its first fuel adjustment rate case following a Commission order approving the agreement.*
- *Evergy Missouri West will record the retirement costs of $1,039,646 to the Sibley accounting authority order (AAO) regulatory liability FERC Account 254081 established in File No. EC-2019-0200 for consideration in Evergy Missouri West's next general rate case. An appropriate Missouri jurisdictional amount will be calculated in the general rate case if it is determined that these costs are recoverable.*

As such, the $1,039,646 Ordered to be recorded to Sibley's AAO regulatory liability as an offset to the regulatory liability has been recorded. In addition, all subsequent costs that would typically run through the fuel adjustment clause were recorded as offsets to the regulatory liability.

Q: What is the Company proposing in this case associated with the revenues associated with operations and maintenance expenses that have ceased since the retirement of the Sibley Generating Station?

A: The Company in its revenue requirement calculation in this rate case proceeding has chosen to amortize the regulatory liability in account 254081 associated with operation and maintenance expenses as an offset to cost of service. This amortization will be returned to customers over a 4 year period which is the same period in which the revenues were collected from customers.

Q: What time period did the Company include in the accumulated regulatory liability in account 254081 that is being amortized back to customers?

A: Since the rates effective from this rate case will go into effect in early December 2022, the Company has included a forecasted amount through November 30, 2022 to amortize over a 4 year period. This amount being returned to customers is $9,775,147 annually.

Q: How are the revenues associated with the return on the Sibley Generating Station being treated?

A: As was Ordered in the Report and Order in File No. EC-2019-0200, the revenues associated with the return on the Sibley Generating Station were instructed to be tracked separately from the non-fuel operation and maintenance expenses that had ceased. The determination of the treatment in rates of the regulatory liabilities were to be determined in this rate case. As discussed above, the non-fuel operations and maintenance expenses that had ceased are being returned to customers over a 4 year period. As supported by the testimony of Company witnesses Darrin Ives and Larry Kennedy, the retirement of the Sibley Generating Station was a prudent decision and known well in advance of the

retirement. As such, Evergy is proposing the regulatory liability that tracked the revenues associated with the return on the Sibley Generating Station be reversed on the Company's books and the Sibley retirement be treated as a prudent retirement in which unrecovered costs associated with retired facilities are included in rate base and are proposed to be amortized over 20 years as described earlier in my testimony and in the testimony of witness Spanos.

CS-136 COVID AAO AMORTIZATION

Q: Please explain this adjustment.

A: On May 6, 2020, Evergy Missouri West filed an application for an AAO to allow the Company to defer costs associated with the COVID-19 pandemic in a regulatory asset, beginning on March 1, 2020. Pursuant to EU-2020-0350, Evergy Missouri West was granted an AAO to defer, in a regulatory asset, specified costs associated with the COVID-19 pandemic netted against specified savings, also associated with the pandemic from March 1, 2020 continuing through March 31, 2021. Adjustment CS-136 reflects the accumulation of Covid deferrals and the annualized amortization amount of the COVID AAO regulatory asset deferred. This regulatory asset is proposed to be amortized over a four year period.

Q: Did the Company defer any lost revenues from reduced customer usage during the Covid deferral period of March 2020 to March of 2021?

A: No. The Order in EU-2020-0350 did not allow for the deferral of lost revenues associated with the pandemic.

Q. What did the Order in docket No. EU-2020-0350 state regarding carrying costs associated with the Covid deferred amounts?

A: The Order in EU-2020-0350 states that it does not limit the ability of any party to propose or oppose carrying costs related to the Covid AAO deferrals in Evergy's next general rate case.

Q: Is the Company requesting carrying costs associated with the amount of Covid AAO costs deferred?

A: Yes. The Company plans to include carrying costs at the Company's short term debt rate associated with the amount that has been deferred. This amount will be included in the Company's true-up revenue requirement at May 31, 2022. The carrying costs requested will be at the short term debt rate to account for the time lag associated with the expenditures that were incurred during the extraordinary Covid pandemic that has been impacting the country since March of 2020.

Q: Does the Covid AAO deferral adequately address the impacts expected to bad debt expense write-offs as a result of the pandemic?

A: No. As I noted, the deferral was only allowed through March 31, 2021 per the order. For periods after that the Company had the ability to work with parties to the AAO proceeding or petition the Commission to extend the deferral period. However, because of the timing of the Evergy Missouri West rate case and the uncertainty surrounding recovery from the pandemic, the Company chose to address bad debt expense write-off impacts in this case. Please note Company witness Nunn's testimony where she describes our annualization proposed to set bad debt expense in this case including the adjustment as a result of pandemic impacts. Also, Company witnesses Darrin Ives and

Chuck Caisley discuss the incurred and ongoing pandemic impacts on our customers, the resulting high balances of unpaid customer accounts receivable and Evergy Missouri West's proposed bad debt expense tracker to address expected volatility in bad debt expense write-offs incurred coming out of rates effective in this case due to the extraordinary impacts on our customers from the Covid-19 pandemic.

Q: Please explain how the Company proposes the bad debt expense tracker to be accounted for.

A: The Company is proposing to develop a bad debt expense tracker that will be based off of the level of bad debt expense write-offs that will be set in this rate case proceeding. Company witness Linda Nunn in adjustment CS-20a and CS-20b has proposed a level of annualized bad debt expense to be collected in rates. This level of bad debt expense will be compared against the actual net writeoffs recorded. The difference between these two amounts will be deferred into either a regulatory asset account or a regulatory liability account depending on whether actual net writeoffs are above or below the level of bad debt expense that is included in the revenue requirement calculation in this rate case. 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 determined by the Commission. The Company will request that carrying costs be included at the Company's short term debt rate on either the regulatory asset or regulatory liability cumulative balance.

Q: When you use the term "net writeoffs" what are you referring too?

A: This term refers to accounts written off less recoveries received on accounts previously written off. This is the amount that the Company proposes to utilize to track the

difference between the bad debt expense being collected in rates versus the actual accounts written off netted with subsequent account recoveries.

Q: Does this conclude your testimony?

A: Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

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. as Senior Director – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri West consisting of forty-seven (47) 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

Subscribed and sworn before me this 7th day of January 2022.

Notary Public

My commission expires: 4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Revenue Requirement

Line No.	Description	7.123% Return
	A	B
1	Net Orig Cost of Rate Base (Sch 2)	$ 2,484,954,467
2	Rate of Return	7.123%
3	Net Operating Income Requirement	$ 177,008,277
4	Net Income Available (Sch 9)	$ 131,492,221
5	Additional NOIBT Needed	45,516,056
6	Additional Current Tax Required	$ 14,250,622
7	Gross Revenue Requirement	$ 59,766,677

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2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Rate Base

Line No.	Description	Amount	Witness	Adj No.
	A	B	C	D
	Total Plant :			
1	Total Plant in Service - Schedule 3	$ 4,139,884,963	Klote	RB-20
	Subtract from Total Plant:			
2	Depreciation Reserve Schedule 5	1,088,031,567	Klote	RB-30
3	**Net (Plant in Service)**	$ 3,051,853,395		
	Add to Net Plant:			
4	Cash Working Capital	(53,077,334)	Klote	Model
5	Materials and Supplies	43,139,583	Nunn	RB-72
6	Prepayments	5,939,447	Nunn	RB-50
7	Fuel Inventory - Oil	11,939,406	Tucker	RB-74
8	Fuel Inventory - Coal	8,941,191	Tucker	RB-74
9	Fuel Inventory - Other	230,385	Tucker	RB-74
10	Pre-MEEIA DSM Programs	(6,749,355)	Nunn	RB-100
11	Iatan 1 & Common Regulatory Asset	3,721,112	Nunn	RB-25
12	Iatan 2 Regulatory Asset	12,160,757	Nunn	RB-26
13	Regulatory Asset - PAYS	1,737,258	Klote	RB-86
14	Regulatory Asset - PISA Deferral	39,903,942	Klote	RB-85
15	Reg Asset - FAS 87 Pension Tracker	9,169,390	Klote	RB-65
16	Reg Asset (Liab) - OPEB Tracker	(4,830,599)	Klote	RB-61
	Subtract from Net Plant:			
17	Customer Advances for Construction	$ 3,919,769	Nunn	RB-71
18	Customer Deposits	2,616,671	Nunn	RB-70
19	Income Eligible Weatherization	856,288	Nunn	RB-101
20	Deferred Income Taxes - Allocated	560,317,475	Hardesty	RB-125
21	Deferred Income Taxes - Electric/Whsl Only	71,413,909	Hardesty	RB-125
22	**Total Rate Base**	$ 2,484,954,467		

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Income Statement

Line No.	Description	Total Company Test Year	Adjustment	Adjusted Total Company	Electric Juris Adjusted Balance
	A	B	C	D	E
1	Operating Revenue	$ 828,546,714	13,897,159	842,443,873	823,837,255
2	Operating & Maintenance Expenses:				
3	Production	$ 295,464,380	$ 36,992,736	$ 332,457,116	$ 327,715,276
4	Transmission	48,571,324	(14,762,545)	33,808,779	33,696,410
5	Distribution	28,214,800	1,877,613	30,092,413	29,333,719
6	Customer Accounting	11,859,955	7,517,821	19,377,776	19,377,776
7	Customer Services	28,646,280	(25,534,043)	3,112,237	3,112,237
8	Sales	222,029	15,233	237,262	237,262
9	A & G Expenses	89,602,001	$ 381,461	89,983,462	87,217,728
10	Total O & M Expenses	$ 502,580,769	$ 6,488,276	$ 509,069,045	$ 500,690,409
11	Depreciation Expense	$ 110,260,846	$ 27,633,931	$ 137,894,777	$ 135,800,011
12	Amortization Expense	1,473,491	504,427	1,977,918	1,974,595
13	Amortization Regulatory Debits & Credits	18,662,403	(25,041,992)	(6,379,589)	(4,458,722)
14	Taxes other than Income Tax	50,480,637	6,794,944	57,275,581	56,504,897
15	Net Operating Income before Tax	$ 145,088,568	$ (2,482,428)	$ 142,606,140	$ 133,326,065
16	Income Taxes	$ (54,075,569)	$ 70,866,412	$ 16,790,843	$ 16,790,843
17	Income Taxes Deferred	69,934,408	(84,891,045)	(14,956,637)	(14,956,637)
18	Investment Tax Credit	(71,613)	71,251	(362)	(362)
19	Total Taxes	$ 15,787,226	$ (13,953,382)	$ 1,833,844	$ 1,833,844
20	Total Net Operating Income	$ 129,301,342	$ 11,470,954	$ 140,772,296	$ 131,492,221

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Summary of Adjustments

Line No.	Adj No.	Description	Witness	Total Company Increase (Decrease)
	A	B	C	D
1	R-20	Revenue Normalization	Bass/Miller	$ (41,008,849)
2	R-21a	Forfeited Discounts	Nunn	$ 985,545
3	R-21b	Forfeited Discounts - Revenue Requirement "Ask"	Nunn	$ 76,743
4	CS-23	Remove FAC Under-Recovery (Revenue)	Nunn	$ (505,002)
5	R-35	Off-System Sales Revenue	Tucker	$ 53,582,652
6	R-40	PAYS Revenue Offset	Klote	$ 175,077
7	R-80	Transmission Revenue Credit	Fluke	$ (832,853)
8	R-82	Transmission Revenue Annualization	Klote	$ 1,920,630
9	R-99	NUCOR Revenue	Nunn	$ -
10	R-106	L&P Revenue Phase In Amort	Nunn	$ (496,784)
11	CS-4	GREC Bad Debt Expense	Nunn	$ 2,437,083
12	CS-9	GREC Bank Fees	Nunn	$ 598,434
13	CS-10	Customer Deposits - Interest	Nunn	$ 206,329
14	CS-11	Out-of-Period Items - Cost of Service	Nunn	$ (29,973,840)
15	CS-20a	Bad Debt	Nunn	$ 3,150,722
16	CS-20b	Bad Debt - Revenue Requirement "Ask"	Nunn	$ 457,304
17	CS-23	Remove FAC Under-Recovery (Expense)	Nunn	$ 292,680,749
18	CS-24	Fuel & PP Energy (On-system)	Tucker	$ (249,428,607)
19	CS-25	Purchased Power (Capacity)	Tucker	$ -

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Summary of Adjustments

Line No.	Adj No.	Description	Witness	Total Company Increase (Decrease)
	A	B	C	D
20	CS-39	IT Software Maintenance	Klote	$ (60,432)
21	CS-40	Transmission Maintenance	Nunn	$ (559,597)
22	CS-41	Distribution Maintenance	Nunn	$ 660,870
23	CS-42	Generation Maintenance	Nunn	$ 259,293
24	CS-43	Major Maintenance	Nunn	$ (7,739,403)
25	CS-44	ERPP	Nunn	$ (37,175)
26	CS-45	Transmission of Electricity by Others	Klote	$ (12,799,818)
27	CS-48	Iatan II O&M	Nunn	$ (537,088)
28	CS-50	Payroll	Klote	$ 5,078,778
29	CS-51	Incentive	Klote	$ (236,436)
30	CS-53	Payroll Taxes	Klote	$ 476,301
31	CS-60	Other Benefits	Klote	$ (233,601)
32	CS-61	OPEB	Klote	$ 359,227
33	CS-62	SERP	Klote	$ (55,628)
34	CS-65	Pension Expense	Klote	$ (6,219,373)
35	CS-70	Insurance	Nunn	$ 357,533
36	CS-71	Injuries and Damages	Nunn	$ 44,925
37	CS-72	Storm Reserve	Klote	$ 593,144
38	CS-73	Remove Storm Reserve fr TP	Klote	$ (129,172)

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Summary of Adjustments

Line No.	Adj No.	Description	Witness	Total Company Increase (Decrease)
	A	B	C	D
39	CS-76	Customer Deposit - Interest	Nunn	$ (32,417)
40	CS-77	Credit Card & Electronic Check Fee Expense	Nunn	$ -
41	CS-78	GREC Bank Fees	Nunn	$ 41,432
42	CS-80	Rate Case Expense	Nunn	$ 419,471
43	CS-85	Regulatory Assessment	Nunn	$ (586,543)
44	CS-86	SPP Schedule 1A Admin Fees	Nunn	$ (1,762,983)
45	CS-89	Meter Replacement O&M	Nunn	$ (88,489)
46	CS-90	Advertising	Nunn	$ (4,173)
47	CS-91	DSM Advertising Costs	Nunn	$ (19,057)
48	CS-92	Dues & Donations	Nunn	$ (492)
49	CS-93	Amortization PISA Deferral	Klote	$ 1,995,197
50	CS-95	Amortization of Merger Transition Costs	Nunn	$ -
51	CS-98	MEEIA	Nunn	$ (14,690,258)
52	CS-100	DSM/EE	Nunn	$ (3,436,562)
53	CS-101	Income Eligible Weatherization	Nunn	$ (179,856)
54	CS-105	Amortization of Transource Transferred Asset Value - Reg Liab	Nunn	$ 1,894,576
55	CS-107	L&P Ice Storm AAO	Nunn	$ 1,349,365
56	CS-108	Remove CWIP/FERC Incentives-Transource	Fluke	$ 120,641

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Summary of Adjustments

Line No.	Adj No.	Description	Witness	Total Company Increase (Decrease)
	A	B	C	D
57	CS-110	Amortization of Transource Account Review-Reg Liab	Nunn	$ 69,950
58	CS-111	Amort Iatan I and Common Reg Asset	Nunn	$ -
59	CS-112	Amort Iatan II Reg Asset	Nunn	$ -
60	CS-113	Amort Prospective Tracking	Nunn	$ (468,154)
61	CS-116	Renewable Energy Standards	Nunn	$ (7,126,362)
62	CS-117	Common Use Billings - Common Plant Adds	Klote	$ 6,312,552
63	CS-120	Depreciation Expense	Klote	$ 34,819,506
64	CS-121	Plant Amortization Expense	Klote	$ 353,776
65	CS-125	Income Taxes	Hardesty	$ 4,880,421
66	CS-126	Property Taxes	Hardesty	$ 6,318,643
67	CS-131	Amort Electrification Deferred Asset	Nunn	$ 10,067
68	CS-132	Amort Exp Portion of Sibley AAO Deferral	Klote	$ (9,775,147)
69	CS-133	Amort Customer Education Reg Asset	Nunn	$ 38,091
70	CS-134	Amort TOU Program Costs Reg Asset	Nunn	$ 487,816
71	CS-135	PAYS Amort	Klote	$ 144,771
72	CS-136	COVID AAO Amort	Klote	$ 727,374
73	CS-137	Amort EPRI Contract	Klote	$ 96,330
74		**Total Impact on Net Operating Income**		$ (7,362,849)

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2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Cash Working Capital

Line No.	Account Description	(Elec-Juris) Test Year Expenses	Revenue Lag	Expense Lead	Net (Lead)/Lag (C) - (D)	Factor (Col E/365)	CWC Req (B) X (F)
	A	B	C	D	E	F	G
	Operations & Maintenance Expense						
1	Gross Payroll with Taxes excl Accrued Vac	49,834,882	26.11	13.21	12.90	0.04	1,761,288
2	Accrued Vacation	1,133,784	26.11	365.00	(338.89)	(0.93)	(1,052,680)
3	Iatan - Coal & Freight	23,731,480	26.11	11.84	14.27	0.04	927,803
4	Purchased Gas & Oil	843,186	26.11	38.87	(12.76)	(0.03)	(29,477)
5	Purchased Power	254,879,256	26.11	36.25	(10.14)	(0.03)	(7,080,755)
6	Pension Expense	12,946,310	26.11	42.25	(16.14)	(0.04)	(572,475)
7	Employee Benefits	(382,675)	26.11	13.29	12.82	0.04	(13,441)
8	Incentive Compensation	3,439,648	26.11	257.50	(231.39)	(0.63)	(2,180,548)
9	Cash Vouchers	154,264,539	26.11	38.30	(12.19)	(0.03)	(5,152,013)
10	**Total Operation & Maintenance Expense**	**500,690,409**					**(13,392,298)**
	Taxes other than Income Taxes						
11	City Franchise Taxes - 6%, 4% & Other GRT - MO	41,119,995	10.90	55.64	(44.74)	(0.12)	(5,040,298)
12	Ad Valorem / Property Taxes	52,579,321	26.11	205.79	(179.68)	(0.49)	(25,883,431)
13	Sales & Use Tax- MO and Fuel, Heavy Vehicle Taxes	22,185,245	10.90	5.17	5.73	0.02	348,278
14	**Total Taxes other than Income Taxes**	**115,884,562**					**(30,575,451)**
	Tax Offset From Rate Base						
15	Current Income Taxes-Federal	14,243,404	26.11	38.00	(11.89)	(0.03)	(463,984)
16	Current Income Taxes-State	2,547,439	26.11	38.00	(11.89)	(0.03)	(82,984)
17	Interest Expense	47,795,614	26.11	91.50	(65.39)	(0.18)	(8,562,617)
18	**Total Offset from Rate Base**	**64,586,457**					**(9,109,584)**
19	**Total Cash Working Capital Requirement**	**681,161,428**					**(53,077,334)**

Evergy
2022 RATE CASE - MO WEST - DIRECT
TY 6/30/21; Update TBD; True-Up 5/31/22

Allocation Factors

Retail/Wholesale - Electric/Steam Combined

Alloc	Jurisdiction Factors	Retail	Non-Retail	Total
	A	B	C	D
1,1	100% Jurisdictional/100% Electric	100.0000%	0.0000%	100.0000%
1,3	100% Jurisdictional/Allocated Plant Base	99.0499%	0.9501%	100.0000%
1,13	100% Jurisdictional/O&M	84.6448%	15.3552%	100.0000%
2,2	Non-Juris/Steam	0.0000%	100.0000%	100.0000%
3,1	Demand/Electric	99.6676%	0.3324%	100.0000%
3,4	Demand/Land	99.6676%	0.3324%	100.0000%
3,5	Demand/Structures	94.1184%	5.8816%	100.0000%
3,6	Demand/Boiler Plant	75.5945%	24.4055%	100.0000%
3,7	Demand/Turbogenerators	98.6140%	1.3860%	100.0000%
3,8	Demand/Access Elec Eqpt & General	91.2708%	8.7292%	100.0000%
3,9	Demand/Misc Steam GEN Eqpt	71.2333%	28.7667%	100.0000%
3,10	Demand/Electric/Steam Plant	82.1007%	17.8993%	100.0000%
3,13	Demand/O&M	84.3634%	15.6366%	100.0000%
4,1	Energy/Electric	99.6594%	0.3406%	100.0000%
5,1	Distribution/Electric	99.8061%	0.1939%	100.0000%
6,1	Payroll/Electric	99.7242%	0.2758%	100.0000%
6,14	Payroll/A&G	96.8156%	3.1844%	100.0000%
7,1	Plant/Electric	99.7361%	0.2639%	100.0000%
7,3	Plant/Alloc Plant	98.7885%	1.2115%	100.0000%
7,14	Plant/A&G	96.8272%	3.1728%	100.0000%
8,1	Transmission/Electric	99.6676%	0.3324%	100.0000%

Retail/Wholesale Allocation Factors - Combined

Alloc	Jurisdiction Factors	Retail	Wholesale	Total
	A	B	C	D
1	Jurisdictional-100%	100.0000%	0.0000%	100.0000%
2	Non-jurisdictional-100%	0.0000%	100.0000%	100.0000%
3	Demand (Capacity) Factor	99.6676%	0.3324%	100.0000%
4	Energy Factor	99.6594%	0.3406%	100.0000%
5	Distribution Factor	99.8061%	0.1939%	100.0000%
6	Payroll Factor	99.7242%	0.2758%	100.0000%
7	Plant Factor	99.7361%	0.2639%	100.0000%
8	Transmission Factor	99.6676%	0.3324%	100.0000%

Electric/Steam Allocation Factors - Combined

Alloc	Jurisdiction Factors	Electric	Steam	Total
	A	B	C	D
Rate Base Allocation Factors (Elec/Steam)				
1	Electric - 100%	100.0000%	0.0000%	100.0000%
2	Steam - 100%	0.0000%	100.0000%	100.0000%
4	Land Factor	100.0000%	0.0000%	100.0000%
5	Structures Factor	94.4323%	5.5677%	100.0000%
6	Boiler Plant Factor	75.8466%	24.1534%	100.0000%
7	Turbogenerators Factor	98.9429%	1.0571%	100.0000%
8	Access Elec Eqpt & General Factor	91.5752%	8.4248%	100.0000%
9	Misc Steam GEN Eqpt Factor	71.4709%	28.5291%	100.0000%
10	Electric/Steam Plant Factor	82.3745%	17.6255%	100.0000%
15	Fuel Oil Demand Factor	85.2398%	14.7602%	100.0000%
Income Statement Allocation Factors (Elec/Steam)				
13	Electric After Steam Alloc (O&M)	84.6448%	15.3552%	100.0000%
14	Electric After Steam Alloc (A&G)	97.0834%	2.9166%	100.0000%
Factors Used to Calculate Other Factors				
3	Allocated Plant Base Factor	99.0499%	0.9501%	100.0000%
11	900 lb Steam Demand Factor	59.3099%	40.6901%	100.0000%
12	Total Coal Burned Factor	2.5661%	97.4339%	100.0000%