

# Exhibit No. 268

MoPSC Staff – Exhibit 268  
Karen Lyons  
Surrebuttal & True-up Direct Testimony  
File Nos. ER-2022-0129 & ER-2022-0130

*Exhibit No.:*  
*Issue(s):* *True Up Revenue Requirement and Adjustments, Storm Reserve, Greenwood Solar, Surveillance Reports, Wholesale Revenue, Credit Revenue Neutral Uplift, Ancillary Serves, Transmission Congestion Rights, Other Adjustments*

*Witness:* *Karen Lyons*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Surrebuttal/True-Up Direct Testimony*

*Case No.:* *ER-2022-0129 and ER-2022-0130*

*Date Testimony Prepared:* *August 16, 2022*

**MISSOURI PUBLIC SERVICE COMMISSION  
FINANCIAL AND BUSINESS ANALYSIS DIVISION  
AUDITING DEPARTMENT**

**SURREBUTTAL/TRUE-UP DIRECT TESTIMONY**

**OF**

**KAREN LYONS**

**Evergy Metro, Inc. d/b/a Evergy Missouri Metro  
Case No. ER-2022-0129**

**Evergy Missouri West, Inc. d/b/a Evergy Missouri West  
Case No. ER-2022-0130**

*Jefferson City, Missouri  
August 2022*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

**TABLE OF CONTENTS OF**  
**SURREBUTTAL/TRUE-UP DIRECT TESTIMONY OF**  
**KAREN LYONS**  
**Evergy Metro, Inc. d/b/a Evergy Missouri Metro**  
**Case No. ER-2022-0129**  
**Evergy Missouri West, Inc. d/b/a Evergy Missouri West**  
**Case No. ER-2022-0130**

EXECUTIVE SUMMARY ..... 1

STAFF’S TRUE-UP REVENUE REQUIREMENT.....2

STORM RESERVE.....4

GREENWOOD SOLAR .....6

SURVEILLANCE REPORTS.....12

WHOLESALE REVENUE CREDIT .....13

REVENUE NEUTRAL UPLIFT CHARGES.....15

ANCILLARY CHARGES.....16

TRANSMISSION CONGESTION RIGHTS .....17

OTHER ADJUSTMENTS.....18

TRUE-UP ADJUSTMENTS .....19



Eric T. Peterson: Transmission Congestion Rights, Revenue Neutral Uplift Charges,  
Ancillary Charges and Other Concerns

**STAFF’S TRUE-UP REVENUE REQUIREMENT**

Q. How did Staff conduct its true-up audit?

A. Staff updated Evergy Metro’s and Evergy West’s cost of service through  
May 31, 2021, generally using the same methods and approach it used in its initial filing in  
this proceeding.

Q. What cost elements did Staff address in its true-up audit for Evergy Metro and  
Evergy West?

A. The following table lists the cost of service areas and the Staff member  
sponsoring the updates through the true-up, May 31, 2022:

Evergy Missouri General Rate Case	
Case Nos. ER-2022-0129 and ER-2022-0130	
True Up-Staff Responsibility	
Staff Witness	Issue Responsibility
Kimberly Cox	Customer Growth and Rate Switchers
Claire Eubanks	Advanced Metering Infrastructure
Jared Giacone	Payroll and payroll taxes, Pensions and OPEBs, Rate Case Expense, Property Taxes
Shawn E. Lange	Evergy Metro Fuel Model
J. Luebbert	Schedule SIL usage and revenue, MEEIA, and Large Power
Karen Lyons	Transmission Revenues and Expenses, Revenue Neutral Uplift Charges, Ancillary Services, Greenwood Solar Facility Allocations, Time of Use Deferral, Common Use Billing, Border Customers, PAYS Program Deferral, Transmission Congestion Rights, Off System Sales, Major Maintenance, Emission Allowances
Keith Majors	Allocations, Bad Debt Expense
Antonija Nieto	Plant in Service Accounting (PISA), IT Software maintenance, Income Eligible Amortization, Account Receivable Bank Fees, Insurance Expense
Charles Poston	Evergy West Fuel Model
Matthew Young	Plant and Reserve, Amortization expense, Fuel Expense, Fuel Inventory, Fuel Prices, DSM Opt-out amortizations

Q. Did Staff include costs in Evergy Metro’s and Evergy West’s true-up revenue  
requirements that were not included in Staff’s recommended revenue requirement filed with its

1 direct testimony on June 8, 2022 or Staff's revised recommended revenue requirement filed  
2 with its rebuttal testimony on July 13, 2022?

3 A. Yes. As discussed in my rebuttal testimony, in its direct testimony Staff  
4 inadvertently omitted an adjustment related to Evergy West's maintenance reserve. This  
5 adjustment was addressed in greater detail in my rebuttal testimony in this proceeding. In  
6 addition, Staff made an adjustment for the Uplight software. Staff witness Matthew R. Young  
7 addresses Staff's recommendation for the Uplight software in his surrebuttal testimony.

8 Q. What capital structure is Staff using as of May 31, 2022?

9 A. Staff continues to recommend an overall ROR of 6.77% and 6.70% for  
10 Evergy Metro and Evergy West respectively, as of May 31, 2022. Staff's ROR  
11 recommendation for Evergy Metro incorporates a capital structure consisting of 50 percent  
12 long-term debt and 50 percent common equity, with a 3.92 % cost of long-term debt, and  
13 authorized ROE of 9.62%. For Evergy West, Staff recommends incorporating a capital  
14 structure consisting of 50 percent long-term debt and 50 percent common equity, with  
15 a 3.79 % cost of long-term debt, and authorized ROE of 9.62%. Staff witness Dr. Won is  
16 reviewing Evergy Metro and Evergy West's actual capital structure as of May 31, 2022. Staff  
17 will make a final recommendation of capital structure, cost of debt and ROR in its true-up  
18 rebuttal testimony filings after investigating the reason for Evergy Metro and Evergy West's  
19 actual capital structure changes.

20 Q. What is Staff's recommended true-up revenue requirement for Evergy Metro  
21 and Evergy West?

22 A. Staff's recommended true-up revenue requirement is \$21,460,025 for  
23 Evergy Metro and \$49,003,391 for Evergy West. The recommended revenue requirements are

1 based on Staff's mid-point recommended rate of return ("ROR") of 6.77% and 6.70% for  
2 Evergy Metro and Evergy West, respectively.

3 Q. Since filing its direct case, what are the significant drivers for the increase in  
4 Staff's recommended revenue requirement for Evergy Metro and Evergy West?

5 A. The cost of service item that largely contributed to the increase in  
6 Staff's recommended true-up revenue requirement for Evergy Metro and Evergy West are  
7 plant additions.

8 **STORM RESERVE**

9 Q. Please explain Evergy Metro's and Evergy West's proposed storm reserve.

10 A. As addressed in my rebuttal testimony in this proceeding, Evergy Metro and  
11 Evergy West propose to establish a storm reserve using funds that have been over-collected  
12 from its customers. The proposed storm reserve balance for Evergy Metro on a total company  
13 basis is \$2,299,893 and \$593,144 for Evergy West. Once established the reserve would be used  
14 for individual storms that are greater than \$200,000.<sup>1</sup>

15 Q. Why does Mr. Klote think that the establishment of a storm reserve is a good  
16 idea for Evergy Metro's and Evergy West's customers?

17 A. Beginning on page 13 of his rebuttal testimony, Mr. Klote provides several  
18 examples of why Evergy Metro's and Evergy West's customers will benefit from a storm  
19 reserve. The recovery of the storm costs helps to reduce earnings volatility for investors and,  
20 since Kansas currently has a storm reserve in place, the proposed storm reserve establishes an  
21 efficient accounting process for Missouri and Kansas.<sup>2</sup>

---

<sup>1</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Karen Lyons Rebuttal Testimony, page 3

<sup>2</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Ronald A. Klote Rebuttal Testimony, page 13

1 Q. Do you agree that the storm reserve benefits Evergy Metro's and  
2 Evergy West's customers?

3 A. No. Clearly the reasons provided by Mr. Klote benefit Evergy Metro and  
4 Evergy West and its investors by potentially reducing earnings volatility and establishing  
5 efficient accounting treatment for the Missouri and Kansas jurisdictions.

6 Q. Mr. Klote states, "The Company believes this is the right time to establish the  
7 reserves because no additional funds are needed to establish the reserve since there are already  
8 excess reserves in place available to begin the storm reserve." Do you agree?

9 A. No. The funds that Evergy Metro and Evergy West propose to use to establish  
10 the storm reserve are funds that should be returned to customers. Mr. Klote will have the  
11 Commission believe it is a good time to establish a storm reserve during a period of high  
12 inflation when customers are paying more for goods and services. Instead of returning funds  
13 that have been over-collected from its customers, Mr. Klote proposes to keep these customer  
14 supplied funds.

15 Q. Mr. Klote states there is no impact to the revenue requirement with the  
16 implementation of the storm reserve. Do you agree?

17 A. Since Evergy Metro's and Evergy West's proposal includes using previously  
18 supplied customer funds that should be returned to them in this rate case to use as the reserve  
19 balance, Evergy Metro and Evergy West's proposed revenue requirement is not increased by  
20 the proposal. However, returning the previously supplied customer funds in these rate cases,  
21 as proposed by Staff, actually lowers the revenue requirements for Evergy Metro and  
22 Evergy West in these rate cases.



1 **GREENWOOD SOLAR**

2 Q. What is Staff's response to KCPL witness Ives' rebuttal with regard to the  
3 Greenwood Solar Project?

4 A. Mr. Ives does not support allocation of any costs of the Greenwood Solar facility  
5 to Evergy Metro because "not a single electron produced by the Greenwood Solar station will  
6 ever reach the EMM system."<sup>3</sup> Beginning on page 15, line 20 of his rebuttal testimony he  
7 further explains that Evergy Metro and Evergy West benefit from each other's expertise in  
8 generation and distribution projects generally, for none of which are costs transferred.

9 Q. Will all the customers in Evergy West's service territory benefit from the  
10 Greenwood Solar facility?

11 A. No. It is interesting that Mr. Ives states that the costs should not be allocated to  
12 Evergy Metro because its customers will not receive a "single electron" of energy from this  
13 facility but recommends all of Evergy West customers pay for the facility even though not all  
14 of its customers benefit from the facility. For example, its customers in St. Joseph, Missouri  
15 will also not receive a "single electron" from this facility. In fact, a very small percentage of  
16 customers in Evergy West's service territory will actually benefit from the energy produced at  
17 the Greenwood facility. The Greenwood facility is directly connected to a distribution circuit  
18 that serves approximately 440 Evergy West customers. Based on the level of annualized  
19 customers for Evergy West used by Staff in its direct filing in Case No. ER-2022-0130, the  
20 Greenwood facility will serve approximately 0.1% of Evergy West's customers. As indicated  
21 in the Commission's order in Case No. EA-2015-0256, and based upon the fact that the  
22 Greenwood facility will only serve approximately 0.1% of Evergy West's customers, and the

---

<sup>3</sup> Case Nos. ER-2022-0129 and ER-2022-0130 Ives Rebuttal page 15, lines 13-14.

1 fact that the purpose to build the facility was for Evergy employees to learn about a utility  
2 scale solar project,<sup>4</sup> the total cost of the project should be allocated to both Evergy Metro and  
3 Evergy West.

4 Q. What are the plant and reserve balances for the Greenwood solar facility?

5 A. As of the May 31, 2022, true-up period, the Greenwood solar facility plant  
6 balance is \$8,489,529 recorded in FERC Account 344.01, with an accumulated reserve  
7 balance of \$2,457,704.<sup>5</sup> Staff allocated the Greenwood solar plant and reserve balances as of  
8 May 31, 2022, in its true-up accounting schedules for Evergy Metro and Evergy West.

9 Q. What is Staff's position in this case as to how the cost for the Greenwood facility  
10 should be allocated?

11 A. As discussed in my direct testimony filed on June 8, 2022, Staff recommended  
12 allocating the capital costs of the Greenwood solar facility based on Evergy Metro and  
13 Evergy West customer numbers.<sup>6</sup> This method results in 62.87% of the facility capital costs  
14 and related expenses allocated to Evergy Metro and 37.13% to Evergy West. Staff also  
15 recommended that the costs of the Greenwood Solar facility be allocated to the Evergy Kansas  
16 Metro jurisdiction since the facility was built to gain experience owning, operating, and  
17 maintaining a utility scale solar facility with Evergy employees gaining the experience. The  
18 allocation of the Greenwood facility to Kansas is accomplished by using a jurisdictional  
19 allocation factor of 52.15% in Staff's accounting schedules

---

<sup>4</sup> EA-2015-0256, *Application of KCP&L Greater Missouri Operations Company for Permission and Approval of a Certificate of Public Convenience and Necessity*, (14).

<sup>5</sup> Staff Data Request No. 27 in Case No. ER-2022-0130.

<sup>6</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Lyons Direct Testimony, beginning on page 32.

1 Q. Why is Staff recommending allocating a portion of the Greenwood Solar facility  
2 to Evergy Metro?

3 A. "Experience gained" formed the primary basis of the application requesting  
4 permission to construct and operate the Greenwood Solar facility in Case No. EA-2015-0256.  
5 Evergy Metro supplies all operating services to Evergy West under an agreement between the  
6 two entities. Because Evergy Metro has all the employees under its structure, Evergy Metro  
7 will be the direct recipient of the experience of operating and maintaining the Greenwood solar  
8 facility, and that experience will ultimately benefit both Evergy Metro and Evergy West on  
9 future solar projects. Consequently, all of Evergy Metro and Evergy West customers will  
10 continue to benefit from the experience Evergy Metro employees gain from operating and  
11 maintaining the solar facility.

12 Beginning on page 16 of its Report and Order in Case No. EA-2015-0256, the  
13 Commission expressed its concern that Evergy West ratepayers will solely pay for the costs of  
14 the project that is primarily being built to allow Evergy Metro to gain experience designing,  
15 operating, and maintaining a utility scale project. In its Report and Order, the Commission  
16 expected Evergy West to propose an allocation methodology that would share the costs between  
17 Evergy Metro and Evergy West in Case No. ER-2016-0156.

18 Q. Has Staff consistently allocated the Greenwood Solar facility to Evergy Metro  
19 and Evergy West consistent with the Commission Order in Case No. EA-2015-0256?

20 A. Yes. Staff recommended an allocation methodology in the 2016 and 2018  
21 Evergy Metro and Evergy West rate cases.

1 Q. Mr. Ives states that that the Company is opposed to any allocation particularly  
2 when the energy produced from the solar facility goes 100% to the benefit of GMO customers.<sup>7</sup>  
3 Do you agree?

4 A. No. First, Staff's recommendation to allocate the Greenwood facility costs  
5 includes the energy produced at the facility. Staff witness Charles T. Poston addresses how  
6 Staff treated the energy produced at the Greenwood facility in his surrebuttal testimony in these  
7 proceedings. Second, as previously stated, a very small percentage of Evergy West customers,  
8 and none of Evergy Metro customers, will actually receive the energy produced from the  
9 Greenwood Solar facility. The experience gained by Evergy Metro employees benefits all of  
10 Evergy Metro's and Evergy West's customers currently and in the future from increased use of  
11 solar power, but an incredibly small percentage of Evergy West customers benefit from the  
12 energy the facility produces.

13 Staff's recommendation to allocate approximately 63% of the capital costs and related  
14 expenses of the Greenwood solar facility to Evergy Metro results in a relatively small revenue  
15 requirement increase for Evergy Metro and a corresponding decrease to the revenue  
16 requirement for West, and as stated on page 16 of the Commission Report and Order in Case  
17 No. EA-2015-0256:

18 The small increase in rates that may result from this project will be amply  
19 offset by the less tangible benefits that will result from the lessons GMO<sup>8</sup>  
20 will learn from the project and the benefits that will result from the  
21 increased use of solar power in the future; made possible by construction  
22 and operation of this pilot solar plant.

23 The Commission is concerned that only GMO ratepayers will bear the  
24 cost of the project. The Commission will not make any specific  
25 ratemaking decisions in this case. Those will be reserved for GMO's

---

<sup>7</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Ives Rebuttal page 17.

<sup>8</sup> Evergy West, formerly KCP&L Greater Missouri Operations Company ("GMO")

1 pending rate case. However, the matter will once again come before the  
2 Commission when GMO seeks to add the plant to its rate base. At that  
3 time, the Commission will expect GMO to propose a means by which  
4 those costs will be shared with KCP&L's customers who will also  
5 benefit from the lessons learned from this pilot project.

6 Q. Although Evergy Metro's primary position is to allocate no costs for the  
7 Greenwood facility to Evergy Metro, does Mr. Ives provide a proposal to allocate the costs in  
8 the event the Commission orders this treatment?

9 A. Yes. Mr. Ives states on page 17 of his Rebuttal Testimony:

10 If the Commission ordered the Company to make an allocation, my  
11 recommendation similar to the Company's prior rate case would be that  
12 it allocate no more than \$100,000 to EMM in expenses to be reflected in  
13 EMM's cost of service and subtract a like amount from Evergy West's  
14 cost of service. I would further recommend that the \$100,000 be  
15 assigned to Missouri only, as this is more an issue with Missouri than it  
16 is with Kansas.

17 Q. Does Staff agree with Mr. Ives recommendation?

18 A. No. It bears repeating that the Greenwood Solar facility was constructed to  
19 allow Evergy Metro employees to gain experience with this technology. Both Evergy Metro  
20 and Evergy West will benefit from the experience of designing, constructing, maintaining, and  
21 operating the solar facility. To suggest that Evergy Metro should only be allocated  
22 \$100,000 of these facility costs is unreasonable under these circumstances.

23 Q. Does Mr. Ives provide any other reasons why the Greenwood Solar facility  
24 should not be allocated to Evergy Metro (KCPL)?

25 A. Yes. Mr. Ives states the following beginning on page 2 of his rebuttal testimony:

26 As a corporation with multiple operating utilities, many projects, both  
27 generation and distribution, are often done at one utility subsidiary and  
28 may result in benefits of an intangible nature to the other. One of the  
29 benefits identified during the acquisition of KCP&L Greater Missouri  
30 Operations (EMW predecessor) by Great Plains Energy was the

1 expertise that KCP&L Greater Missouri Operations had in maintenance  
2 of its natural gas plants. That expertise was shared with KCP&L (EMM  
3 predecessor). Likewise, KCP&L had substantial expertise in  
4 maintenance of its coal fleet and that was then shared with KCP&L  
5 Greater Missouri Operations, without compensation through allocation  
6 of costs. KCP&L was one of the first utilities in the nation to implement  
7 an automated meter reading system many years ago. Both EMM and  
8 EMW are now in the process of deploying next generation automated  
9 metering (“AMI”) and EMW is receiving the benefit of EMM’s  
10 expertise, without any transfer of costs to EMW for that knowledge.

11 Q. Do Mr. Ives’ arguments quoted above have any merit?

12 A. No. The Greenwood Solar facility is a renewable technology that was  
13 constructed so Evergy Metro employees can gain experience operating a utility scale solar  
14 facility. The Greenwood project was categorized as a pilot program because Evergy Metro  
15 did not have any experience designing, maintaining, and operating a utility scale solar facility  
16 when the application was filed with the Commission. Contrary to Mr. Ives argument,  
17 Evergy Metro has experience maintaining natural gas plants in its own fleet. They include  
18 Hawthorn units 6-9, West Gardner Units 1 through 4, and Osawatomie. Likewise, Evergy West  
19 has experience maintaining several coal plants in its fleet. While Evergy Metro may have had  
20 more experience operating coal units and Evergy West operating natural gas peaking units, the  
21 fact is what Mr. Ives refers to with his examples are nothing more than the benefits of sharing  
22 information and experience when two utilities merge, as was the case in July 2008 when Aquila  
23 was acquired by Great Plains Energy. The Greenwood Solar facility is not one of these “shared”  
24 experiences. Neither Evergy Metro nor Evergy West had prior experience in operating a  
25 utility-scale solar facility. Thus, the reason for the request to construct such a facility was to  
26 become more familiar with solar generating technology, as well as obtaining an understanding  
27 of how to operate and maintain a solar facility on a large utility-scale basis. The sole purpose

1 of constructing the Greenwood Solar facility was to gain experience with a renewable  
2 technology that Evergy Metro and Evergy West did not have at the time the application was  
3 filed with the Commission.

4 Q. Please summarize Staff's position on the allocation of the Greenwood Solar  
5 facility.

6 A. The Greenwood Solar project was constructed to allow Evergy Metro employees  
7 to gain experience designing, constructing, maintaining, and operating a utility-scale solar  
8 facility. The percentage of Evergy West customers that will actually benefit from the energy  
9 are approximately 0.1%. However, all the rate districts, Evergy Missouri Metro, Evergy Kansas  
10 Metro, and Evergy West, will benefit from the knowledge acquired from building and operating  
11 a utility-scale solar facility. For this reason, and to be consistent with the Report and Order in  
12 Case No. EA-2015-0256, Staff recommends the Commission allocate the costs between  
13 Evergy Metro and Evergy West based on customer levels.

14 **SURVEILLANCE REPORTS**

15 Q. Please summarize the issue related to Evergy Metro's annual surveillance report.

16 A. Evergy proposes to discontinue the annual surveillance reporting requirements  
17 for Evergy Metro. Staff recommends that Evergy Metro continue to provide the annual  
18 surveillance report.

19 Q. Does Evergy witness Nunn offer additional arguments in support of  
20 discontinuing the annual surveillance report for Evergy Metro?

21 A. No. Ms. Nunn continues to argue that the annual surveillance report is not  
22 needed since the Company provides quarterly Fuel Adjustment Clause surveillance reports.

1 Q. Do you agree?

2 A. No. As described in my rebuttal testimony,<sup>9</sup> there is no comparison of the annual  
3 surveillance report and the quarterly FAC surveillance report.

4 Q. Does Ms. Nunn offer an alternative to this issue?

5 A. Yes. Ms. Nunn proposes to include the additional financial and operational  
6 information that has historically been provided in the annual surveillance reporting process with  
7 the year end FAC surveillance report.

8 Q. Does Staff agree with this proposal?

9 A. No. As addressed in my rebuttal testimony in this proceeding, the additional  
10 financial and operational information provided with the annual surveillance report does not  
11 address the fact that the FAC surveillance and annual surveillance reports were created for  
12 different reasons.

13 **WHOLESALE REVENUE CREDIT**

14 Q. Please summarize Staff's position regarding wholesale transmission revenue.

15 A. Evergy Metro and Evergy West are billed transmission expense from SPP as a  
16 transmission customer and receive transmission revenues from SPP as a transmission owner,  
17 both of which include Return on Equity ("ROE") incentives. Staff recommends that  
18 Evergy Metro and Evergy West treat transmission expense and revenue consistently by  
19 reflecting all of Evergy Metro's and Evergy West's revenue and expense, including the impact  
20 of Federal Energy Regulatory Commission ("FERC") ROE incentives, in its cost of service.

---

<sup>9</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Lyons Rebuttal pages 3-6.



1 Q. How does Staff respond to Mr. Flucke's statement in his rebuttal testimony,  
2 respecting a Staff adjustment, on page 4, lines 10-11, that, "Essentially Missouri retail  
3 customers would be credited back more than they would have been charged"?

4 A. Mr. Flucke argues that since all of Evergy Metro's and Evergy West's  
5 transmission assets are included in the retail revenue requirement based on a Commission  
6 authorized ROE, and transmission revenues received from SPP are based on a higher  
7 FERC ROE, an adjustment must be made to reduce revenues; otherwise, according  
8 to Mr. Flucke, Evergy Metro's and Evergy West's Missouri retail customers would be credited  
9 back more than they have been charged. However, Staff disagrees. Evergy Metro's and  
10 Evergy West's participation in SPP encompasses both the financial impacts of Evergy Metro's  
11 and Evergy West's ownership of transmission assets and the financial impacts of the use of  
12 other SPP members' transmission assets. As a SPP transmission customer, if costs of providing  
13 transmission service increase for other members of SPP, Evergy Metro's and Evergy West's  
14 transmission expense will increase. Likewise, as a SPP transmission owner, if Evergy Metro's  
15 and Evergy West's cost to provide transmission service increases, transmission revenues  
16 received from SPP will increase. Staff considers both transmission revenue and transmission  
17 expense incurred by Evergy Metro and Evergy West as costs of doing business and, as such,  
18 should be reflected in Evergy Metro's and Evergy West's cost of service on a consistent basis.

19 Q. Mr. Flucke, when indicating that Staff's rationale is flawed, states on page 8 of  
20 his rebuttal testimony, "Staff is, thus, suggesting that Transmission for Others revenues in  
21 FERC Acct 456.1 should not be adjusted if Transmission by Others expenses in  
22 FERC Acct 565 are not adjusted." Do you agree with this statement?

1           A.     No. Mr. Flucke misrepresents Staff’s position with regard to Evergy Metro’s  
2 and Evergy West’s adjustment to reduce transmission revenues. Staff did *not* suggest, directly  
3 or indirectly, in its direct testimony that Evergy Metro and Evergy West should reduce  
4 transmission expense in FERC Account 565. Staff’s recommendation is to include both  
5 transmission revenues received from and transmission costs paid to SPP, including FERC  
6 incentives. Staff’s treatment of transmission revenues and transmission expenses in this case  
7 is consistent. Apparently, Evergy Metro and Evergy West prefers an approach that would allow  
8 it to recover, in their entirety, all transmission expenses from its rate payers, but also to adjust  
9 downward transmission revenues that would otherwise have the impact of mitigating a portion  
10 of the transmission expense.

11           Q.     How did Staff treat Evergy Metro’s and Evergy West’s transmission expense in  
12 this case?

13           A.     Staff included an annualized level of transmission expense based on the  
14 12-month period ending May 31, 2022. With the exception of adjustments made for  
15 Transource Missouri incentives and transmission expense related to Evergy West’s Crossroads  
16 facility discussed by Staff Witness Keith Majors in his direct testimony, Staff did not eliminate  
17 any transmission expense.

18           **REVENUE NEUTRAL UPLIFT CHARGES**

19           Q.     Describe the issue with Staff’s recommended level of revenue neutral uplift  
20 (“RNU”) charges for Evergy Metro and Evergy West.

21           A.     Evergy witness Eric T. Peterson states that Staff used the 12-month period  
22 ending December 31, 2021 to annualize RNU charges for Evergy Metro and used a three-year

1 average for Evergy West and because of the different methodology, the Company was unclear  
2 which method Staff intended to use for true-up.<sup>10</sup>

3 Q. Did Staff intend to use a three-year average for Evergy West?

4 A. No. Staff inadvertently included a three-year average for RNU charges for  
5 Evergy West.

6 Q. Did Staff have concerns with the level of revenue uplift charges incurred by  
7 Evergy Metro and Evergy West?

8 A. Yes. As described in my direct testimony filed in this proceeding, Staff had  
9 concerns with the RNU charges that Evergy incurred and if those charges are related to Winter  
10 Storm Uri.<sup>11</sup> Staff has since learned that the increase in RNU charges are not related to Winter  
11 Storm Uri but instead increased charges from SPP. Upon review of Evergy Metro and  
12 Evergy West's RNU charges billed by SPP, the upward trend continued during the period of  
13 January through May 2022.

14 Q. What level of RNU charges is Staff recommending for the true-up Evergy Metro  
15 and Evergy West?

16 A. Staff recommends an annualized level of RNU charges for Evergy Metro and  
17 Evergy West, based on the 12-month period ending May 31, 2022.

18 **ANCILLARY CHARGES**

19 Q. Describe the issue with Staff's recommended level of ancillary charges for  
20 Evergy Metro and Evergy West.

---

<sup>10</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Eric T. Peterson Rebuttal testimony, page 8.

<sup>11</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Karen Lyons, Direct testimony, page 29.

1           A.     Evergy witness Eric T. Peterson stated in his rebuttal testimony that Staff  
2 recommended an annualized level of ancillary services based on the 12 month period ending  
3 December 31, 2021, adjusted for the impact of Winter Storm Uri in Staff’s direct testimony.  
4 However, Staff’s workpapers were not consistent with Staff’s testimony.<sup>12</sup>

5           Q.     Did Staff intend to recommend an annualized level of ancillary services based  
6 on the 12 month period ending December 31, 2021 in its direct filing on June 8, 2022?

7           A.     Yes. However, Staff confirmed an error with its recommended level of ancillary  
8 services in its workpapers at the time Staff filed direct testimony.

9           Q.     What level of RNU charges is Staff recommending for the true-up for  
10 Evergy Metro and Evergy West?

11          A.     The error that occurred in Staff’s recommended level at the time of its direct  
12 filing will not impact Staff’s true-up recommendation. Staff recommends an annualized level  
13 of RNU charges for Evergy Metro and Evergy West, based on the 12-month period ending  
14 May 31, 2022.

15           **TRANSMISSION CONGESTION RIGHTS**

16          Q.     Describe the issue with Staff’s recommended level of Transmission Congestion  
17 Rights (“TCR”) for Evergy Metro and Evergy West.

18          A.     Evergy witness Eric T. Peterson stated in his rebuttal testimony that Staff  
19 excluded costs related to TCRs and did not include an adjustment for Evergy West for TCRs.<sup>13</sup>

20          Q.     Does Staff agree with Mr. Peterson’s rebuttal testimony addressing TCRs?

---

<sup>12</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Eric T. Peterson Rebuttal testimony, page 8.

<sup>13</sup> Case Nos. ER-2022-0129 and ER-2022-0130, Eric T. Peterson Rebuttal testimony, pages 6-7.

1           A.     Yes. Staff has corrected its adjustment for TCRs and updated the adjustment to  
2 reflect costs based on the 12 month period ending May 31, 2022, for Evergy Metro and  
3 Evergy West.

4     **OTHER ADJUSTMENTS**

5           Q.     Describe the issue with other Staff adjustments.

6           A.     On page 9 of his rebuttal testimony, Mr. Peterson stated with regard to Staff's  
7 adjustments "other concerns are the calculation of border customers, Revenue Neutral Uplift  
8 adjustments, Ancillary Service adjustments, and SPP Administrative Fees."

9           Q.     Are the concerns with the RNU and Ancillary Service adjustments addressed  
10 earlier in this testimony?

11          A.     Yes.

12          Q.     Describe Evergy's concern with Staff's border customer adjustment.

13          A.     Evergy stated that Staff included incorrect values for January, March, and  
14 May 2021 in its recommended annualization for border customers in its direct filing on  
15 June 8, 2022.

16          Q.     Does Staff agree?

17          A.     Yes. However, the error does not impact Staff's true-up annualization since the  
18 months identified are not included in the 12 month true up period ending May 31, 2022.

19          Q.     What is Staff's true-up recommendation for border customers?

20          A.     Staff recommends an annualized level of border customers based on the true up  
21 period, 12 months ending May 31, 2022.

22          Q.     Describe the concern with Staff's SPP Administrative fees.

1           A.     The only issue that Staff is aware of for SPP Administrative fees is the exclusion  
2 of NUCOR costs. Staff excluded these costs in error.

3           Q.     Did Staff include NUCOR costs in its recommended true-up level of SPP  
4 Administrative Fees?

5           A.     Yes.

6     **TRUE-UP ADJUSTMENTS**

7           Q.     Please identify the rate base items and income statement adjustments that you  
8 are sponsoring as part of the Staff true-up filing.

9           A.     I am sponsoring the following Evergy Metro and Evergy West cost of service  
10 items that have been adjusted through the true-up, May 31, 2022. These adjustments are  
11 reflected in Staff's true-up accounting schedules.

- 12           • Transmission Expense
- 13           • Transmission Revenues
- 14           • Firm and Non-Firm Off System Sales
- 15           • Transmission Congestion Rights
- 16           • Ancillary Services
- 17           • Revenue Neutral Uplift Charges
- 18           • Border Customers
- 19           • Greenwood Solar Facility Allocation
- 20           • Common Use Billing
- 21           • Pay as You Save expenses and revenues
- 22           • Time of Use education costs
- 23           • Emission allowances

24          Q.     Does this conclude your surrebuttal/true-up direct testimony?

25          A.     Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Evergy Metro, Inc. d/b/a Evergy )  
Missouri Metro's Request for Authority to ) Case No. ER-2022-0129  
Implement a General Rate Increase for Electric )  
Service )

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

**AFFIDAVIT OF KAREN LYONS**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF JACKSON )

COMES NOW KAREN LYONS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal / True-Up Direct Testimony of Karen Lyons*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
KAREN LYONS

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, mo on this 11<sup>th</sup> day of August 2022.

  
Notary Public



M. RIDENHOUR  
My Commission Expires  
July 22, 2023  
Platte County  
Commission #19603483