Exhibit No. 310P

OPC – Exhibit 310P
John A. Robinette
Rebuttal Testimony
File Nos. ER-2022-0129 & ER-2022-0130

Exhibit No.: _____
Issue(s): AMI/ONE CIS/Depreciation/ Sibley Recovery
Witness/Type of Exhibit: Robinett/Rebuttal
Sponsoring Party: Public Counsel
Case No.: ER-2022-0129 and ER-2022-0130

REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

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

CASE NOS. ER-2022-0129 AND ER-2022-0130

** **
Denotes Confidential information that has been redacted

July 13, 2022

PUBLIC

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

John A. Robinett
Utility Engineering Specialist

Subscribed and sworn to me this 13th day of July 2022.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121

Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

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REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

EVERGY MISSOURI METRO
AND
EVERGY MISSOURI WEST

CASE No. ER-2022-0129 & ER-2022-0130

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

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

Q. Are you the same John A. Robinett who filed direct testimony on behalf of the Missouri Office of the Public Counsel ("OPC") in this proceeding?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of this rebuttal testimony is to discuss my concerns with how Staff has allocated Evergy's investment in ONE Customer Information System ("ONE CIS") and Customer Forward Program ("CFP") between all of Evergy's utility affiliates. Additionally, I discuss Advanced Meter Infrastructure ("AMI") investment and accumulated reserves for a comparison between the 2018 true-up accounting schedules of Staff in Case Nos. ER-2018-0145 and ER-2018-0146 to Staff's direct accounting schedule runs in these 2022 rate cases. Next I will discuss my concerns related to the depreciation studies submitted by witness John J. Spanos on behalf of Evergy Missouri Metro ("Metro") and Evergy Missouri ("West"), collectively "Evergy" or "the Company," and the relationship of those depreciation schedules to Evergy's integrated resource plan. Finally, I discuss Sibley and the recovery recommendation of Staff witness Mr. Keith Majors and Missouri Energy Consumers Group ("MECG") witness Mr. Greg Meyer.

Public

ONE CIS/CFP Allocation

Q. Did Staff include a value for the ONE CIS/CFP software for both Evergy Missouri Metro and Evergy Missouri West in plant-in-service?

A. No. The Evergy Missouri Metro accounting schedules filed by Staff indicate a Total Company value of $295,322,763 for ONE CIS/CFP. However, Staff's Evergy Missouri West accounting schedules do not have plant-in-service values in the account for ONE CIS/CFP, account 303.150 accounting Schedule 3.

Q. What is the ONE CIS/CFP solution?

A. In Case No. ER-2018-0146 Kansas City Power & Light Greater Missouri Operations ("GMO") (now Evergy Missouri West) witness Mr. Forrest Archibald discussed the ONE CIS solution in his direct testimony beginning at page 3 line 16 through page 4 line 5. That description of the ONE CIS is below:

> A customer information system is a critical component of the meter-to-cash value chain for any meter based delivery type utility. The CIS interlinks the customer information to the consumption and metering processes, via the MDM (Meter Data Management system) all the way through to payments, collections and other downstream processes that affect a utility's ability to support state commission requirements and report revenue. Customer information systems can include multiple sub-systems depending on the regulatory and operational requirements but at a minimum are inclusive of the metering and consumption (MDM), billing, and collections functions and online portals for customers to perform self-serve functions like bill payment and energy usage awareness, among others. For example, in our new One CIS Solution, the MDM will hold all the consumption data for consumers and will play a key role in consumption analysis and billing; unlike our current legacy systems.

The CFP was implementation of the customer information system for Westar that was placed into service January 18, 2021 according to OPC data request number 8554.

Q. What is OPC's position related to ONE CIS/CFP solution?

A. OPC seeks to allocate the costs that are fair and just for Missouri ratepayers. The ONE CIS and CFP is a major component of the supposed savings that were to be generated by KCP&L and KCPL GMO's merger with Westar, as it was meant to allow Westar to be integrated into the system without having to foot the bill for an entirely separate system at some point in the future.

Q. How was the allocation done in 2018?

A. My review of the 2018 Staff accounting schedules show that the original total company value of plant-in-service for the Evergy Metro and Evergy Missouri West ONE CIS system was $124,319,903. In that case, the ONE CIS system was allocated between Evergy Missouri West, Evergy Missouri Metro, and Evergy Kansas Metro. Evergy Missouri West was allocated 37.49% of the total plant-in-service at a value of $46,607,532. Evergy Missouri Metro was allocated 53.7835% of $77,712,371 (which is $124,319,903 less the Evergy Missouri West value of $46,607,532) at a value of $41,796,433 as its portion of ONE CIS.

Q. What allocation method are you recommending?

A. I propose to use customer count in order to reallocate portions of the ONE CIS/CFP software to all the utility entities of Evergy. For this allocation the source of the customer count that I used for the allocation process is the 2022 annual IRP update stakeholder presentation in July 2022. Total Evergy customers from this presentation were 1,636,377.

Jurisdiction	Number of Retail Customers
Evergy Missouri Metro	300,843
Evergy Kansas Metro	269,170
Evergy Metro	570,013

Jurisdiction	Number of Retail Customers
Evergy Missouri West	336,644

Jurisdiction	Number of Retail Customers
Evergy Kansas Central	729,720

Q. What has Staff included as the total investment in the ONE CIS and CFP software?

A. Staff's 2022 accounting runs have a value of $295,322,763 for plant-in-service before allocations on the Evergy Missouri Metro run.

Q. Is there any reserve recorded associated with the ONE CIS and CFP in Staff accounting schedules?

A. The Evergy Metro run has accumulated reserve of total Evergy Metro (Kansas and Missouri) of $48,019,072 when jurisdictionalized for Missouri, Evergy Missouri Metro has reserves of $25,241,417.

Q. When you reallocate plant should you also reallocate reserve?

A. No. Missouri Evergy customers should maintain the reserve that they have paid to date for the ONE CIS software since the 2018 rate case.

Q. Based on customer accounts what percentages should be allocated to Evergy Missouri West and Evergy Missouri Metro?

A. From the above chart, Evergy Missouri West has 336,644 of 1,636,377 customers or 20.57% of Evergy's total customers. Evergy Missouri Metro has 300,843 of the 1,636,377 customer of Evergy or 18.38% of the total number of customers.

Q. What are the plant-in-service values you recommend for Evergy Missouri West and Evergy Missouri Metro?

A. Using the above percentages and applying those to the total company investment of $295,322,763, Evergy Missouri Metro would have a plant-in-service value of $54,294,204 and Evergy Missouri West would have a plant-in-service balance of $60,755,337.

Q. Do you have concerns related to ONE CIS/CFP reserve balances for Evergy Missouri Metro and West?

A. Yes. My concern is that reserve previously collected for the ONE CIS system should remain in Missouri reserves even if allocation moves more plant to Kansas from the Missouri entities. The Missouri utilities should get credit for reserves already paid for ONE CIS.

Q. Do you agree with Staff's value of $295,322,763 for total company plant-in-service related to ONE CIS/CFP?

A. This is a reasonable estimate based on data requests I have reviewed for total cost of the three phases and updates of the ONE CIS and CFP software. However, please see Dr. Geoff Marke's rebuttal testimony for OPC's position as to responsibility to pay for which software packages.

AMI Meters

Q. Does Staff make disallowance as part of their direct case?

A. Yes. Staff witness Ms. Claire M Eubanks, P.E., recommends disallowances for AMI meter switch outs for AMI meters with remote disconnect technology.

Q. How has the plant in service and depreciation reserve changed since Staff's 2018 True-up accounting schedules for Evergy Missouri Metro?

A. Account 370.02 Meters - AMI Distribution for Evergy Missouri Metro in the 2018 true-up accounting schedules, which are through June 30, 2018, had a Missouri Jurisdictional plant-in-service of $33,812,886 with an accumulated reserve of $4,081,223. Staff's direct accounting schedules in this case for plant and reserves through May 31, 2022, Evergy Missouri Metro plant-in-service is $61,650,283 with an accumulated depreciation reserve of $3,211,002.

Q. What important information do you glean from the plant and reserves for AMI Meters in Evergy Missouri Metro?

A. My first major takeaway is that plant-in-service for AMI has nearly doubled from 2018 at $33.8 million to $61.6 million in 2022. During this same amount of time the accumulated depreciation reserve has decreased, going from approximately $4.1 million in 2018 to $3.2 million in 2022. What this means is that the amount of early retirements has outpaced annual depreciation expense accrual which can be seen by a reduction in the total accumulated depreciation reserves from 2018 to 2022. This is not what one would expect to see with an increase in plant-in-service over the same period. I expected that depreciation reserve would have continued to increase and should have increased more with the additional plant that was added.

Q. Can you think of any reason that reserve would not be increasing at the pace expected?

A. Yes. Evergy has elected plant in service accounting that allows for the deferral of 85% of depreciation expense for plant that is placed into service in between rate cases so Evergy is not having to book 100% of depreciation expense into the reserve accounts instead they are tracking 85% of it for a deferral account to begin a 20 year amortization when rates are set in this case. This deferral may be part of the reasons why the depreciation reserve is lower in 2022 than in 2018 when plant-in-service has nearly doubled. The annual depreciation expense on approximately $33.8 million of plant from 2018 to 2022 would be approximately $1,690,000 using a 20 year average service life based on the expected life of the AMI meter batteries. 4 years of depreciation would have been worth $6,760,000 just based on the original cost from 2018 that does not account for the additional depreciation expense for added plant-in-service.

Q. How has the plant in service and depreciation reserve changed since Staff's 2018 True-up accounting schedules for Evergy Missouri West?

A. Account 370.02 Meters - AMI Distribution for Evergy Missouri West in the 2018 true-up accounting schedules which are through June 30, 2018, had a Missouri Jurisdictional plant-in-service of $21,777,871 with an accumulated reserve of $1,230,040. Staff's direct accounting schedules in this case for plant and reserves through May 31, 2022, Evergy Missouri West plant-in-service is $49,178,779 with an accumulated depreciation reserve of $2,472,035.

Q. What takeaways do you have from the plant and reserves for AMI Meters in Missouri West?

A. First, plant-in-service has again more than doubled since 2018. Second, depreciation reserves have again failed to increase at the rate as I would have expected it to. This is likely caused by increased retirements that are nearly outpacing the annual depreciation accruals. Annual depreciation accrual should be approximately $1 million given a 20 year average service life based on the AMI battery lives. So if there were no retirements, $4 million would have accrued without the consideration of plant added since 2018.

Q. What overall conclusions do you draw from this data as it relates to Staff's recommended disallowance?

A. Reserves are not accruing at the rate that would be anticipated, I am aware that AMI investment is being replaced for remote shut off capable AMI meters, but my concern is that Staff's recommended disallowance may be low based on how reserves have correlated to plant in service nearly doubling for both Evergy Missouri Metro and Evergy Missouri West.

Depreciation/IRP concerns

Q. Have you identified any concerns with Mr. Spanos' depreciation study for Evergy Missouri Metro?

A. Yes. Some of Mr. Spanos' recommendations for the estimated lives of generating units are not consistent with Evergy's filed preferred plan from its triennial integrated resource plan. Attached as Schedule JAR-R-1 is excerpts from volume 7 Resource Acquisition Strategy Selection from Evergy Missouri Metro's triennial preferred plan filed in Case No. EO-2021-0035. The table below is from Evergy consultant Mr. John J. Spanos' depreciation study filed

in this case where he provides probable retirement dates for the generating units studied for Evergy Missouri Metro.

Depreciable Group	Major Year in Service	Probable Retirement Year	Life Span
Steam Production Plant			
Hawthorn Unit 5	1969,2001	2045	76,44
Hawthorn Unit 9	1955,2000	2045	90,45
Iatan Unit 1	1980	2040	60
LaCygne Unit 1	1973	2038	65
LaCygne Unit 2	1977	2038	61
Iatan Unit 2	2010	2070	60
Nuclear Production Plant			
Wolf Creek	1985	2045	60
Other Production Plant			
Northeast	1972,1977	2040	68,63
West Gardner	2003	2048	45
Miami County	2003	2048	45
Hawthorn Unit 6	2001	2045	44
Hawthorn Unit 7	2000	2045	45
Hawthorn Unit 8	2000	2045	45
Spearville Unit 1	2006	2026	20
Spearville Unit 2	2010	2030	20
Solar	2013	2038	25

When this table is compared to the preferred plan from the triennial IRP several facilities have differing retirement dates. From the preferred IRP the most noticeable differences are for LaCygne Unit 1 (2033) based on the forecast capacity balance, which would increase depreciation expense if used instead of Mr. Spanos' 2038 recommendation. Another example is Spearville units 1 and 2, which remain at the same capacity balance forecast through 2040 in the preferred IRP as opposed to Mr. Spanos's data which projects the facilities to be retired in 2026 and 2030. Using the preferred IRP would reduce the annual depreciation expense calculated for the owned wind facilities. However, I do not know what date to use for a retirement date as the balance sheet would indicate units operating through 2040 but that is as far as the 20 year IRP plan looks.

Q. Have you identified any concerns with Mr. Spanos' depreciation study for Evergy Missouri West?

A. Yes. Some of Mr. Spanos' recommendations for the estimated lives of generating units are again inconsistent with Evergy's filed preferred plan from its triennial integrated resource plan. Attached as Schedule JAR-R-2 are excerpts from volume 7 Resource Acquisition Strategy Selection from Evergy Missouri West's triennial preferred plan filed in Case No. EO-2021-0036. The table below is from Evergy consultant Mr. John J. Spanos' depreciation study filed in this case where he provides probable retirement dates for the generating units studied for Evergy Missouri West.

Depreciable Group	Major Year in Service	Probable Retirement Year	Life Span
Steam Production Plant			
Jeffrey Energy Center Unit 1	1978	2040	62
Jeffrey Energy Center Unit 2	1980	2040	60
Jeffrey Energy Center Unit 3	1983	2040	57
Iatan Unit 1	1980	2040	60
Iatan Unit 2	2010	2070	60
Lake Road Boiler 1	1950,2015	2035	85,20
Lake Road Boiler 2	1958,2015	2035	77,20
Lake Road Boiler 4	1966	2035	69
Lake Road Boiler 5	1974, 2015	2035	61,20
Lake Road Boiler 8	2006	2035	29
Lake Road Unit 1	1950, 2004	2035	85,31
Lake Road Unit 2	1958, 2002	2035	77,33
Lake Road Unit 3	1962, 2010	2035	73,25
Lake Road Unit 4	1966, 2012	2035	69,23

Depreciable Group	Major Year in Service	Probable Retirement Year	Life Span
Other Production Plant			
Greenwood Unit 1	1975,2000	2035	60,35
Greenwood Unit 2	1975,2000	2035	60,35
Greenwood Unit 3	1977,2001	2035	58,34
Greenwood Unit 4	1979,2000	2035	56,35
Nevada	1974,1998	2035	61,37
South Harper Unit 1	2005	2050	45
South Harper Unit 2	2005	2050	45
South Harper Unit 3	2005	2050	45
Crossroads Unit 1	2002	2047	45
Crossroads Unit 2	2002	2047	45
Crossroads Unit 3	2002	2047	45
Crossroads Unit 4	2002	2047	45
Lake Road Unit 5	1974, 2015	2035	61,20
Lake Road Unit 6	1989	2035	46
Lake Road Unit 7	1989	2035	46
Ralph Green	1981,1994	2035	54,41
Landfill Gas Turbine	2012	2042	30
Greenwood Solar	2016	2041	25

As with Evergy Missouri Metro, when this table is compared to the preferred plan from the triennial IRP several facilities have differing retirement dates. From the preferred IRP the most noticeable differences are for Lake Road Unit 4 (2024) based on the forecast capacity balance which would increase depreciation expense if used instead of Mr. Spanos' 2035 recommendation. Additionally, Mr. Spanos provides 2035 probable retirement dates for the Greenwood facilities, Nevada CT, the Ralph Green facilities, and the other Lake Road units; however the capacity balance sheet from the preferred plan of the triennial IRP show capacity for these units through 2040, which would reduce the depreciation expense of Mr. Spanos study for these units. Using the preferred IRP would also reduce the annual depreciation expense calculated for the owned wind facilities. Once again, however, I do not know what date to use for a retirement date as the balance sheet would indicate units operating through 2040 but that is as far as the 20 year plan looks.

Sibley Recovery

Q. What is Staff's position on Sibley recovery?

A. In Staff's direct case, Mr. Keith Majors uses the Company's value of unrecovered plant-in-service filed in this case, which are consistent with the values that Evergy filed in Case No. EC-2019-0200, as a starting point and adjusts to account for the accumulated depreciation expense accrued since the last rate case, which is based on the information obtained as a result of the stipulation and agreement from Cases ER-2018-0145 and ER-2018-0146 that allowed for depreciation expense to be tracked and then used as an offset to the unrecovered plant balance in a later case. Staff's unrecovered plant-in-service value is then further adjusted based on an AAO ordered by the Commission in Case No. EC-2019-0200 (the Sibley complaint case brought by OPC and MECG) that was established to track labor, non-labor operations and maintenance expense, and return on the investment.

Staff started its calculation with the $145.6 million in unrecovered original cost reported in the schedules accompanying Evergy's initial filing. Staff then subtracts $41.4 million for depreciation through November of 2022 based on the depreciation expense built into the 2018 case for all of the Sibley units and common plant, which was approximately $10.3 million annually. Staff additionally reduces the unrecovered balance by $91.2 million based of the projected balance through November of 2022 of the Commission ordered AAO tracking labor, non-labor O&M, and return on net book value of Sibley. Staff arrives at a remaining unrecovered balance of $12.4 million and recommends recovery of that balance through a 5 year amortization which would be $2.48 million annually.

Q. What is the recommendation of Mr. Greg R. Meyer on behalf of Midwest Energy Consumers Group?

A. The critical difference between the recommendations of Mr. Meyer and the Commission Staff stems from the difference in the initial unrecovered plant balance of the Sibley facility used by the two parties. Mr. Meyer starts with an unrecovered plant-in-service value taken from the Staff accounting schedules filed in Case No. ER-2018-0146. In the True-up accounting schedules Staff's plant-in-service less the accumulated reserves for Sibley units 1, 2, 3 and common plant was approximately $300 million. This $300 million is the unrecovered portion as of June 30, 2018, in Staff's true-up accounting schedules and the starting value for Mr. Meyer's testimony. Mr. Meyer calculates that from June 30, 2018, through December 6, 2022, depreciation expense would be approximately $46 million leaving an unrecovered portion of $254 million. Mr. Meyer recommends a 20 year amortization of the remaining balance consistent with Evergy's request but also mentions that this amount could be securitized by Evergy. Mr. Meyer then calculates the AAO value that was ordered in EC-2019-0200 for non-fuel O&M and labor costs to be $39.1 million and return on the undepreciated value of $300 million from the 2018 case to be $102.9 million. Mr. Meyer adds these values together to arrive at a final regulatory liability of approximately $142 million. Mr. Meyer recommends a 10 year amortization of the regulatory liability that results from the order in Case No. EC-2019-0200 for an annual reduction of approximately $14.2 million for ten years.

Q. What is your opinion regarding the competing proposals offered by Staff and Mr. Meyer on behalf of MECG?

A. The main reason for the difference between the proposals offered by Staff and Mr. Meyer comes from the difference between the inputs used for their respective calculations as well as the method and time applied to the amortization of the resulting values. The actual math being employed by both parties and the underlying theoretical basis for the calculations is the same. What the Commission therefore needs to focus on is determining what inputs are appropriate. There are at least four major components to the calculation: the remaining unrecovered plant balance (or unrecovered plant-in-service values) of the Sibley plant, the depreciation expenses that accrued on that plant since Evergy's last rate case, the non-fuel O&M and labor costs related to the operation of Sibley that have been recorded in the AAO ordered in Case No. EC-2019-0200, and the return on investment Evergy recovered for Sibley since the last rate case. I will examine all four components.

Q. What are the various means by which the Commission could calculate or determine the remaining unrecovered plant balance (or unrecovered plant-in-service values) of the Sibley plant to use as a starting point?

A. There are, in my opinion, three values the Commission could rely on to calculate or determine the remaining unrecovered plant balance of the Sibley plant. First, the Commission could use the unrecovered plant-in-service values from Evergy's last rate case (Case No. ER-2018-0146), which is what Mr. Meyer recommended. Second, the Commission could use the unrecovered balance reported by Evergy in this rate case, which is what the Commission's Staff has done and is consistent with Evergy rebuttal testimony from Case No. EC-2019-0200. And third, the Commission could calculate what the

remaining unrecovered plant balance is based on the depreciation study filed in Case No. ER-2016-0156, which represents the last time a depreciation study was performed prior to the Sibley retirement and the corresponding resulting issues.

Q. What was the plant-in-service values for Sibley in Case No. ER-2018-0146?

A. Staff's True-up accounting run filed in that case, which is attached to this testimony as Schedule JAR-R-3, has an original cost plant-in-service value of $476,483,641 for Missouri jurisdictional as of June 30, 2018. The accumulated depreciation reserves were $176,536,425 for Missouri jurisdictional. These numbers are arrived at by adding up the total Missouri jurisdictional plant balances and accumulated reserves for Sibley units 1, 2, 3, and common plant. Net rate base is the difference of original cost less the accumulated depreciation reserves. Net plant for Sibley as of June 30, 2018 would therefore equal the $476,483,641 original cost minus the $176,536,425 in accumulated depreciation reserves for a total net rate base of $299,947,216, which is reflected in Staff's true-up accounting schedules in Case No. ER-2018-0146.

Review of Evergy's 2018 filing is slightly more difficult than Staff's accounting schedules. For this I relied upon the workpapers Evergy filed to support their case, specifically the workpaper in excel format titled 2018 GMO Rate Case Model - Jun18 True-Up W_Tax Reform-C. These relied on plant-in-service and reserve tabs from the excel file are attached as Schedule JAR-R-4. On Tab PIS - Sch 3, the total Sibley plant-in-service on a Missouri jurisdictional basis is $476,483,639. On Tab Reserve - Sch 6 Sibley total accumulated depreciation reserves on a Missouri jurisdictional basis is $176,536,426. Net Rate base for June 30, 2018, from Evergy's workpaper rate case model was therefore calculated to be $299,947,213.

Staff and Evergy workpapers are $2 different on plant-in-service and $1 different on accumulated depreciation reserves. Total difference between Staff and Evergy's true-up positions is $3.00.

Q. What is the remaining unrecovered balance of Sibley reported by Evergy in this rate case?

A. This answer is found in the direct testimony on page 35 of Evergy consultant Mr. Larry Kennedy and his value is sourced from the rebuttal testimony of Evergy consultant Mr. John J. Spanos in Case No. EC-2019-0200 at a value of $145,161,990.

Q. What is the remaining plant balance of Sibley if calculated using the depreciation study filed in Case No ER-2016-0156?

A. If the 2014 depreciation study is used that was filed in Case No. ER-2016-0156 the remaining net book value is $227,100,766 at December 31, 2014. However, this number needs to be reduced by 3.5 years of depreciation expense ($36,267,277) to bring calculated unrecovered value in line with plant and reserves from Case No. ER-2018-0146. The remaining net book value when adjusted to June 30, 2018, is $190,833,490.

Q. To summarize, what are the three remaining plant balances for the Sibley plant that the Commission could consider as a starting point?

A. The Commission could utilize the filed accounting true-up accounting schedules by Staff in Case No. ER-2018-0146 as Mr. Meyer does to start at a net book value of $299,947,216. Next the Commission could rely on rebuttal testimony of Evergy consultant Mr. John J. Spanos filed in Case No. EC-2019-0200 and used by Evergy and Commission Staff in this case, which is $145,161,990. Finally, the Commission could go back to Case No. ER-2016-0156 and utilize the last depreciation study filed before the units were retired. Utilizing the

2014 depreciation study and reducing net book value by 3.5 years to bring estimates to a consistent starting point of June 30, 2018, would result in an estimated net book value of $190,833,490.

Q. Are there any differences in the depreciation expense offsets being recommended by Staff and MECG?

A. My understanding is that both parties are using the same depreciation expense on an annual basis. The only difference appears to be the date balances are updated through. The value is approximately $41.2 million based on four years accrual of $10.3 million in annual depreciation expense.

Q. Are there any differences in the labor and non-fuel operation and maintenance expense offsets being recommended by Staff and MECG?

A. This number appears to be consistent between Staff and MECG at a value of $39.1 million.

Q. How should the return on investment Evergy recovered for Sibley since the last rate case be calculated?

A. There are effectively two ways to consider the return on investment Evergy recovered for Sibley since the last rate case. The first is to simply calculate the return that Evergy would have recovered based on the value chosen for the remaining plant balance by calculating a return on that balance over the four years since the last race case. This is what both Staff and Mr. Myer did with Staff simply accepting Evergy's $145.7 million while Mr. Meyer utilized Staff's true-up accounting schedules from the 2018 case with just under $300 million in net rate base. If the same method is applied to the theoretical remaining rate base determined using the 2014 Evergy depreciation study, the return collected since Evergy's last rate case would be $66,639,055. The other way to consider the return component is to calculate return based only on the plant balances found in Staff's true-up accounting schedules which are consistent with Evergy

workpapers supporting their true-up position from the 2018 case, as this represents the amount that was actually recovered in rates that is directly attributable to the Sibley plant as a result of that case.

Q. Given everything that you have discussed so far, what is your recommendation to the Commission?

A. First, I would echo the position provided by OPC witness Dr. Geoff Marke in direct of no return on or of the unrecovered plant. Assuming that the Commission does not accept that position, however, my goal here is to provide the Commission with two additional options of how to calculate the unrecovered balances for Sibley.

My first estimation of remaining unrecovered balance is based on the theoretical plant balance calculated using the 2014 Evergy depreciation study. The unrecovered balance according to Mr. Spanos' 2014 depreciation study was $227,100,766. Starting with net book value as of December 31, 2014, I needed to reduce the starting net book value by 3.5 years of depreciation expense ($36,267,277) to move estimated net book value to June 30, 2018. Using this study, net plant as June 30, 2018, would be $190,833,490. To calculate the "return on" investment Evergy would have recovered on this amount since the last rate case, I utilized 8.73%, which is the average filed recommendation from the 2018 cases, multiplied by the calculated June 30, 2018, unrecovered balance and then multiplied by 4 years for total return on of $66,639,055, which I then subtracted from the plant balance. Again, I used what I believe to be a non-controversial value for labor and non-fuel O&M of $41.7 million[1] reduction as well as the Company's claimed accrued depreciation of $41.4 million[2]. That leaves a final unrecovered plant balance for Sibley of $41,000,287.

[1] Value sourced from Evergy consultant Larry Kennedy table found on Page 35 lines 14-15 of direct testimony in Case No. ER-2022-0130.
[2] Id.

The second estimation is the exact same as the first except that the "return on" component is calculated using the $300 million remaining plant value built into Evergy's rates during the last rate case. This value is again appropriate because it represents the amount Evergy actually collected from customers as a return on its Sibley investment. This amount is $104,741,568. Offsetting this against the $190,833,490 remaining plant balance and the Company's reported values for labor and non-fuel O&M and accrued depreciation of $41.7 million and $41.4 million[3] respectively yields a final unrecovered plant balance for Sibley of $2,897,774.

Q. Are there any other components to this calculation that need to be factored into this equation?

A. Yes. Evergy has decommissioned and dismantled the Sibley facilities. Additionally, Evergy abated asbestos from the units prior to dismantlement and closed the ash ponds. It appears that neither Staff nor Mr. Meyer have taken these costs into account. Based on Evergy's response to OPC data request 8519 in Case No. ER-2022-0130, an amount of $37,257,169 needs to be collected to make Evergy whole for these expenditures. Adding this amount would raise the unrecovered plant balances of my recommendation to $78,257,456 and $40,154,943 for the first and second scenarios described above respectively.

Finally, the OPC is also recommending a reduction to rate base related to the tax implications associated with the Sibley retirement. Please see the rebuttal testimony of Mr. John S. Riley for the details of the calculation. My understanding is that he recommended a reduction to the unrecovered balance for Sibley related to taxes and interest of

[3] Id.

approximately **_____ ** Adding this reduction to the previous unrecovered plant balances would result in my final recommended balances of **_____** and **_____** for the first and second scenarios described above respectively.

Q. Does Staff or MECG have a reduction related to taxes for Sibley?

A. I don't know. It may be included in their recommended reductions to net rate base but is not discussed in testimony for a specific adjustment related to taxes and interest.

Q. Do you have a recommendation on how to recover the unrecovered balance that you have calculated?

A. No. As I discussed earlier Dr. Geoff Marke made the recommendation for OPC and he recommended that Evergy receive no return of or on the unrecovered balance of Sibley.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.