**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

RONALD A KLOTE

ON BEHALF OF EVERGY KANSAS CENTRAL, INC. AND EVERGY KANSAS SOUTH, INC.

**IN THE MATTER OF THE APPLICATION OF
EVERGY KANSAS CENTRAL, INC. AND
EVERGY KANSAS SOUTH, INC. FOR APPROVAL TO MAKE
CERTAIN CHANGES IN THEIR CHARGES FOR ELECTRIC SERVICE
PURSUANT TO K.S.A. 66-117.**

Docket No. 25-EKCE-294-RTS

January 31, 2025

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

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Evergy Kansas Central ("EKC" or "Company").

Q: What are your responsibilities?

A: My responsibilities include the coordination, preparation and review of financial information and schedules associated with 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.

Q: Have you previously testified in a proceeding before the Kansas Corporation Commission ("Commission" or "KCC") or before any other utility regulatory agency?

A: Yes. I have testified before the KCC, the Missouri Public Service Commission ("MPSC"), the 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:

- Describe the revenue requirement model and schedules supporting the rate requests for EKC **Schedules RAK-1** through **RAK-4**;
- Identify the test year used to develop the revenue requirements and the true-up period proposed by the Company;
- Identify the witnesses who support various accounting adjustments **Schedules RAK-2** and **RAK-4** for EKC; and
- Explain and support certain accounting adjustments including the following:

Accounting Category	**Adjustments**
Cost of Service & Associated Rate Base Adjustments	CS-11 Out-of-Period Items CS-36 Wolf Creek Refueling Outage Amortization CS-37 Nuclear Decommissioning CS-39 IT Software Maintenance CS-40 Transmission Maintenance CS-41 Distribution Maintenance CS-42 Generation Maintenance CS-43 Wolf Creek Maintenance CS-44 Evergy Stay Connected Kansas Pilot Program CS-50 Payroll CS-51 Incentive Compensation CS-53 Payroll Taxes - FICA CS-60 Other Benefits – Including Medical, Dental, Vision CS-61/RB-61 Other Post Employment Benefits (SFAS) 106 Employer Share CS-65/RB-65 Annualized Pension Expense CS-67 EKC Company Owned Life Insurance (“COLI”) Reclassification CS-68 KGE COLI “The Plan” CS-71 Injuries and Damages

	CS-72 Storm Reserve CS-73 Environmental Reserve CS-88 Critical Infrastructure Protection - “CIPS”/ Cyber Security O&M CS-90 Advertising CS-93/RB- 85 Plant in Service Accounting (“PISA”) Regulatory Asset and Amortization CS-117 Common Use Billings – Common Plant Adds

Q: Do you have an administrative item to address?

A: Yes. In EKC’s Predetermination Filing in Docket No. 25-EKCE-207-PRE, I stated that we would propose a tariff to establish a construction work in process (“CWIP”) Rider in this general rate case proceeding. We have not included the tariff in this filing because EKC is still addressing its details. In accordance with K.S.A. 66-1239, EKC will file the CWIP tariff when the Company requests its establishment, to become effective not sooner than 365 days after construction of the generation facilities begins.

II. <u>REVENUE REQUIREMENT MODEL AND SCHEDULES</u>

Q. What is the purpose of Schedules RAK-1 through RAK-4?

A. These Schedules contain the key outputs of the Company’s revenue requirement model used to develop the rate requests in this proceeding. **Schedule RAK-1** shows the revenue requirement calculations for EKC. **Schedule RAK-2** lists the rate base components along with the sponsoring witnesses. **Schedules RAK-3** and **RAK-4** include the income statement and adjustments.

Q. Were the schedules filed with your direct testimony prepared by you or under your direction?

A. Yes.

Q. Please generally describe the process used to determine the requested rate increases in this proceeding.

A. We utilized our historical ratemaking preparation process to determine the requested rate increases. We began with actual, historical test year data from the financial books and records of the Company to establish a foundation for operating revenues, operating expenses and rate base. We then adjusted this data to reflect (i) normal levels of revenues and expenses that would have occurred during the test year, (ii) annualization of certain revenues and expenses, (iii) amortization of regulatory assets and liabilities, and (iv) known and measurable changes that have been identified since the end of the historical test year. We subtracted operating expenses from operating revenues to arrive at operating income. We multiplied the net original cost of rate base by the requested rate of return to determine the net operating income requirement. This result 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.

The requested rate increase is the amount necessary for the post-increase calculated rate of return to equal the overall rate of return proposed in the direct testimony of Company witness Geoffrey Ley and supported in the direct testimony of Company witness Ann Bulkley.

III. TEST YEAR

Q. What historical test year did the Company use to determine the requested rate increases for EKC?

A. The revenue requirement schedules are based on a historical test year of the 12 months ending June 30, 2024, with known and measurable changes projected through March 31, 2025. Where appropriate and necessary, we plan to true up this financial data to reflect actual experience as of that date.

Q. Why was this test year selected?

A. The Company used the 12-month period ending June 30, 2024, for the test year in this rate proceeding because that period reflects the most current quarterly financial information available to provide adequate time to prepare the revenue requirement and rate design schedules for this case.

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 and projected 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 effective. This allows for a proper matching of rate base, revenues and expenses to account for known and measurable changes that have occurred since the end of the test year. As stated above, the Company is requesting a true-up date of March 31, 2025, for this update.

Q. Does test year expense reflect an appropriate allocation of overhead between EKC and Evergy Metro as well as to Evergy Missouri West and other affiliated companies?

A. Yes. EKC incurs costs for the benefit of Evergy Metro, for Evergy Missouri West, and for 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. Similarly, Evergy Missouri West and Evergy Metro incur costs for the benefit of EKC, and those costs are allocated to EKC appropriately.

IV. OUT-OF-PERIOD ITEMS

CS-11 Out-of-Period Items

Q. Please explain adjustment CS-11.

A. The Company adjusted certain expense transactions recorded during the test year from the cost-of-service filing in this rate case. The following is a listing of the various components included in the adjustment:

- Removed charges from test year. The Company has identified certain costs recorded during the test year for which it is not seeking recovery in this rate proceeding or which were adjustments to transactions recorded prior to the test period, netting to $2,900,395. These costs for which the Company is not seeking recovery primarily include officer long-term incentive compensation and officer expense report items.
- Test Year Adjustments from Prior Orders. The Company eliminated test year amounts recorded on the books for items related to a prior rate case or Federal Energy Regulatory Commission (‘FERC”) Orders. These amounts are not ongoing expenses and should therefore be removed from the cost of service. $17,825,228 was removed from the test year for EKC.
- Elimination of Various Costs. Various other costs eliminated from the test year including deferred depreciation, Asset Retirement Obligations (ARO’s), and a COLI Regulatory Liability etc., amounting to $102,587,415 were eliminated. In addition, after the Company had completed the revenue requirement calculation for the direct filing, the Company found an error in this section for the amounts that were eliminated due to the

Retail Energy Cost Adjustment. These amounts were from the test year in the prior rate case, thus should not have been eliminated in CS-11. This adjustment will be corrected in the True-Up with an increase to revenue requirement of $133,429.

V. COST OF SERVICE ADJUSTMENTS

CS-36 WOLF CREEK REFUELING OUTAGE AMORTIZATION

Q. Please explain adjustment CS-36.

A. The Wolf Creek nuclear generating station refueling cycle is normally about 18 months. The Company defers the O&M outage costs and amortizes the costs over the 18 months leading up to the next refueling. This adjustment annualizes the Wolf Creek refueling expense.

Q. Why is a refueling annualization adjustment necessary in this case?

A. The test period includes the amortization period for refueling outage number 25 and 26. Annualized expense that is included in this case reflects the total estimated cost of the most recently completed refueling outage in the spring of 2024, refueling outage number 26. As such, costs associated with refueling outage number 26 were used to determine the monthly amortization expense. This annualization adjustment results in a full year's amortization expense for refueling outage number 26.

Q. What is the amount of the adjustment?

A. The adjustment is a decrease of $251,069.

Q. Will this adjustment be updated?

A. Yes. If there are updates to the costs associated with refueling outage number 26 that occur before April 2025, then updates to the refueling outage costs will be provided in the true-up.

CS-37 Nuclear Decommissioning

Q. Please explain adjustment CS-37.

A. This adjustment annualizes the expense associated with decommissioning the Wolf Creek nuclear generating station.

Q. What is the annualized nuclear decommissioning expense the Company seeks in this case?

A. The Company seeks to continue its annualized amount of $5.8 million for EKC. Since the test year cost of service reflects this amortization, net operating income is properly stated and requires no adjustment.

Q. What is the amount based on?

A. The annual/expense/accrual level is based on a cost study conducted every three years. The most recent study, conducted by TLG Services, Inc., was filed with the Commission on September 1, 2023, in Docket No. 24-WCNE-235-GIE along with an analysis prepared for the funding levels necessary to defray the decommissioning cost estimated in the study.[1] The Unanimous Settlement Agreement in that docket approved the continuation of the annual accrual at the current level.

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 and hardware maintenance costs in this case. Evergy included an annualized 2025 budgeted amount in account 935000 with resources 15xx to reflect an annual level of expense. The

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[1] *Joint Pleading Regarding Decommissioning Financing Plan*, Triennial Wolf Creek Decommissioning Cost Study, Attachment 2, Docket No. 21-WCNE-103-GIE (Sept. 1, 2020).

types of maintenance contracts that were annualized include: Oracle Perpetual License Agreement (PULA), Environmental Systems Research Institute – Enterprise License Agreement (ESRI-ELA), Cisco EA SmartNet, Microsoft Enterprise Management, Nokia maintenance, Box Enterprise, Maximo, and various other hardware and software maintenance contracts.

Q. What is the amount of the adjustment?

A. The adjustment is $1,770,696.

Q. Will this adjustment be updated?

A. Yes. Actual contracted software and hardware maintenance costs at the true-up date will be included at that time.

CS-40 TRANSMISSION MAINTENANCE, CS-41 DISTRIBUTION MAINTENANCE, CS-42 GENERATION MAINTENANCE, CS-43 WOLF CREEK MAINTENANCE

Q. Please explain these adjustments.

A. These non-labor adjustments are for the purpose of including an appropriate level of transmission, distribution, generation, and nuclear maintenance expense in this case. Since the maintenance levels have remained fairly consistent over the last few years and are expected to remain consistent as we move forward, EKC included test year non-labor maintenance expense in its direct case as being the most representative level for ongoing expense.

CS-44 EVERGY STAY CONNECTED PILOT PROGRAM

Q. Please explain adjustment CS-44.

A. This adjustment includes the addition of a new customer pilot program, EKC's Stay Connected Pilot program.

Q. Briefly describe the benefit of the Stay Connected Pilot program.

A. This pilot program is designed to keep income-eligible EKC residential customer accounts current by relieving some financial burden. This program offers monthly bill credits to eligible residential customers in order to keep eligible residential customers having difficulty with monthly electric service bill payments to have more manageable monthly bills. Please see the testimony of Company witness Ms. Kimberly Winslow for more explanation of this program.

Q. What is the amount of the adjustment?

A. The adjustment is $1,600,000.

CS-50 PAYROLL

Q. Please explain adjustment CS-50.

A. This adjustment is necessary to annualize the level of payroll expense included in EKC's revenue requirement calculation. EKC's payroll expense is based on the adjusted employee headcount and base salaries as of June 30, 2024 multiplied by salary and wage rates expected to be in effect as of March 31, 2025.

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 March 31, 2025. 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 of March 31, 2025, in this rate case.

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

A. Yes. Overtime costs were annualized at an average of overtime costs incurred for the 12-month periods ending December 2021, December 2022 and June 2024. The resulting average was then escalated to equivalent 2025 cost levels using average annual merit increase percentages. Wolf Creek overtime costs were also annualized at an amount equal to the average overtime amounts incurred for the same 12-month periods, also escalated to equivalent 2025 costs levels. Temporary and summer employees O&M labor were annualized at an average of these same 12-month periods. Amounts were included for other categories at test year levels.

Q. Does annualized payroll include payroll EKC billed to Evergy Metro and MO West and other affiliates?

A. Yes, annualized payroll included in this rate proceeding was reduced by the amount that would be billed out to these affiliated companies.

Q. Was payroll expense associated with the Company's interest in the Wolf Creek generating station annualized in a similar manner?

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. EKC used the test year as the basis of its payroll capitalization factor.

Q. What is the amount of the payroll adjustment from test year levels for EKC?

A. The adjustment is $8,898,437.

Q. Will this adjustment be updated?

A. Yes. Actual headcount and base salaries at the true-up date will be included at that time.

CS-51 INCENTIVE COMPENSATION

Q. Please explain adjustment CS-51.

A. This adjustment is necessary to annualize the amount of incentive compensation cost that is incurred by EKC. Evergy annualized incentive compensation based on a three-year average of actual payouts for the 2022 and 2023 plan years and an estimate of the 2024 plan year. Adjustments were made to the annualized amount to remove all incentive compensation that was associated with metrics tied to earnings per share for the Annual Incentive Plan ("AIP") (executives only), and also earnings per share portion included in the Variable Compensation Plan ("VCP") (non-union management personnel) and Wolf Creek Performance Achievement Reward ("PAR") Plan (Wolf Creek union employees).

Q. Aside from the VCP, AIP, and PAR incentive plans, is there another incentive plan component to this adjustment?

A. Yes. This adjustment also averages the Power Marketing incentive plan actual payouts for the same time period as described above. The Power Marketing incentive plan covers a group of employees whose responsibility is managing Evergy Inc's load and its owned assets in the marketplace. This group also serves a secondary purpose in that it provides and shares resources and functions to manage assets for customers and other contracting parties in the marketplace, and to execute non-asset-based energy trading. This resource sharing creates efficiencies and benefits to EKC, and importantly lowers costs at which EKC provides service to its customers. The incentive plan is offered to this functional set of employees in the power marketing area. All incentive amounts from the base incentive plan were split according to the percentage of asset metrics to non-asset metrics. Only the amounts booked above the line and related to asset metrics were included in the three-year average. Any additional incentive amounts from purely non-asset-based market activity are attributed to non-asset metrics at 100%, and therefore not included in cost of service in this case.

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

A. Yes, it does, consistent with the data from the payroll adjustment discussed earlier in this testimony (adjustment CS-50).

Q. What is the amount of the adjustment?

A. The adjustment is a decrease of ($8,789,085).

Q. Will this adjustment be updated?

A. Yes. Actual payouts for the 2024 plan year which will be paid out in March 2025 will be included in the three-year average discussed above at the true-up date in this case.

CS-53 PAYROLL TAXES – FICA

Q. Please explain adjustment CS-53.

A. This adjustment is necessary to annualize the amount of payroll tax cost associated with annualized payroll and incentive costs incurred by EKC. EKC annualized Federal Insurance Contributions Act ("FICA"), Medicare, and Federal Unemployment Tax Act ("FUTA") payroll tax expense by applying the tax rate (with consideration of the FICA, FUTA and State Unemployment Tax Act ("SUTA") ceiling) to the annualized O&M portions of base salary plus incentive compensation, overtime, premium, and temporary wages for EKC.

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.

Q. What is the amount of the adjustment?

A. The adjustment is $32,817.

Q. Will this adjustment be updated?

A. Yes. Any adjustments to payroll or incentive compensation will be applied to the payroll taxes adjustment.

CS-60 OTHER BENEFITS - INCLUDING MEDICAL, DENTAL, VISION

Q. Please explain adjustment CS-60.

A. This adjustment is necessary in order to include the proper level of other benefits (including medical, dental and vision) costs in EKC's revenue requirement calculation. The Company annualized other benefit costs based on the projected annualized other benefits costs included in the 2025 Budget.

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

A. The most significant benefit is medical expense. In addition, Company 401k match, dental, and other various insurance and other miscellaneous benefits are included within 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 benefits expense associated with the Company's interest in the Wolf Creek generating station annualized in a similar manner?

A. Yes, it was.

Q. What is the amount of the adjustment?

A. The adjustment is $3,964,081.

Q. Will this adjustment be updated?

A. Yes. Actual annualized other benefits costs at the true-up date will be included at that time.

<u>**CS-61/RB-61 OTHER POST-EMPLOYMENT BENEFITS (SFAS) 106 EMPLOYER SHARE**</u>

Q. Please explain the basis of adjustment CS-61.

A. This adjustment is necessary in order to properly include an annualized level of Other Post-Employment Benefits ("OPEB") costs in EKC's revenue requirement. This adjustment consists of two components. The first component provides the level of annualized OPEB expense as provided by the Company's actuary, Willis Towers Watson, which is requested to be included in cost of service in this case. The second component includes the amount of the tracker to be included in cost of service through amortization of the respective regulatory liability projected as of March 31, 2025. Also, I will discuss the application of the OPEB-related tracker related to contributions made to the OPEB trusts.

Q. How did you determine the first component?

A. In the first component, we annualized OPEB expense based on 2025 actuarial projections from Willis Towers Watson, our actuary. This annualization will be updated as part of the March 31, 2025 true-up with revised projections from the actuary. OPEB expense primarily results from the provisions of Accounting Standards Codification 715, "Compensation – Retirement Benefits, Defined Benefit Plans – Other Postretirement" ("ASC 715-60") (previously referred to as Statement of Financial Accounting Standard No. 106). This amount, calculated by our actuary, establishes a base amount to include in rates and will be used to track future actual OPEB expenses against.

Q. How did you determine the second component?

A. As a result of the Commission's Order in Docket No. 10-WSEE-135-ACT ("10-135 Docket"), EKC was required to defer as a regulatory asset or liability, the difference between the level of pension, post-retirement, and post-employment costs incurred under Generally Accepted Accounting Principles ("GAAP") and the amount of such expenses recovered through base rates with no carrying costs permitted. These deferrals were identified as "Tracker 1" deferrals in the Commission's Order. Booking these deferrals was to be effective starting January 1, 2009. In this rate proceeding, the Tracker 1 balance for EKC as of March 31, 2025, is projected to be a regulatory liability and will be amortized to expense.

Q. What amortization period was used for this regulatory liability?

A. A three-year amortization period was used.

Q. Does this adjustment take into consideration OPEB 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 OPEB expense associated with EKC's interest in the Wolf Creek generating station annualized in a similar manner?

A. No. Wolf Creek was not included in the EKC OPEB tracker.

Q. Please explain the tracker related to cash contributions.

A. The Stipulation & Agreement ("S&A") in the 07-1041 and 10-135 dockets authorized the establishment of an OPEB-related Tracker 2, which was continued in this docket. Tracker 2 recognizes that the Company's share of actual contributions to its OPEB Trust could be greater than its required funding contribution for ratemaking purposes. This tracker is similar to the pension-related Tracker 2, which I discuss more fully later in this testimony (adjustment CS-65).

Q. Is there any specific request the Company is making regarding OPEB costs?

A. Yes. The Company requests that the balances at March 31, 2025, for Tracker 1 and Tracker 2 be specifically identified so as to establish the beginning amount to be used in the next rate proceeding. Additionally, the Company requests that the OPEB expense built in rates in this case (the first component above) be established.

Q. What is the amount of the adjustment to test year levels?

A. The adjustment is $20,275.

Q. Will this adjustment be updated?

A. Yes. Any changes in the actual annualized OPEB costs for calendar year 2025 at the true-up date will be included at that time. The amortization of the regulatory liability will also be updated to amortize actual balance as of March 31, 2025.

Q. Is the Company requesting a change in the treatment of Tracker 2 associated with their OPEB request in this rate case?

A. Yes. Consistent with the treatment of Tracker 2 associated with pension expense the Company is requesting rate base treatment for contributions that are in excess of annual amounts included in rates. In the next section of my testimony in adjustment CS-65, I discuss the reason for making the request to include OPEB Tracker 2 balances in rate base.

CS-65/RB-65 ANNUALIZED PENSION EXPENSE

Q. Please explain adjustment CS-65.

A. This adjustment is necessary to include a proper level of annualized pension expense in EKC's revenue requirement. This adjustment consists of two components. The first component relates to the base level of annualized pension expense recognized in the Company's cost of service in this case. The second component includes the amount to be recovered through the amortization of the regulatory asset/liability projected as of March 31, 2025. The adjustment relates to adjusting pension expense as recorded under Accounting Standards Codification No. 715-30, Compensation-Retirement Benefits, Defined Benefit Plans – Pension, previously referred to as Statement of Financial Accounting Standard No. 87 "Employers' Accounting for Pensions" ("FAS 87") and No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans" ("FAS 88") to an annualized level for ratemaking purposes. Specifically, the components of the pension annualization include: (a) Annualization of both companies' share of pension expense relating to recurring pension costs, net of amounts capitalized, as identified by the companies' actuaries and (b) amortization of Tracker 1, consisting of rolling forward the FAS 87 and FAS 88 regulatory assets included in Tracker 1 to the projected true-up period balance at March 31, 2025, and amortizing them over a three-year period as previously authorized by the Commission. Additionally, I will discuss the roll forward of the Tracker 2 balance to the projected true-up of March 31, 2025, and the Company's request in this case regarding Tracker 2.

Q. Do these pension adjustments take into consideration pension expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

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

Q. Do these pension adjustments include the effects of the Company's interest in the Wolf Creek generating station pension plans?

A. Yes, they do.

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

A. Yes. The calculation was made in accordance with the methodology documented in the 10-135 docket.

Q. How is the total consolidated FAS 87 expense allocated to EKC to ensure Kansas ratepayers are not paying for Evergy Metro and Evergy Missouri West costs?

A. The consolidated expense is allocated to each jurisdiction based on a labor allocation factor, consistent with the payroll annualization allocation discussed earlier in this testimony (adjustment CS-50).

Q. Please explain the second component of the annualized pension expense.

A. This adjustment was made to amortize the balance in the Tracker 1 regulatory asset, projected as of March 31, 2025. In accordance with the terms of the S&As in the 07-1041 and 10-135 dockets, and continued in the 2023 rate case docket, Tracker 1 represents the cumulative unamortized difference in FAS 87 and FAS 88 pension expense for ratemaking purposes and pension expense built into rates during the corresponding periods.

Q. What were the beginning points for accumulating this difference in FAS 87 and FAS 88 pension expense for ratemaking purposes and FAS 87 and FAS 88 pension expense built into rates?

A. The accumulation was to begin on January 1, 2009.[2]

Q. How was the Tracker 1 regulatory asset rolled forward to March 31, 2025?

A. The Tracker 1 pension regulatory asset/liability was adjusted by the difference between actual pension expense costs recorded, as provided by Willis Towers Watson, and pension expense included in rates through the March 31,2025 update period in this case. In addition, any FAS 88 settlement charges recorded during the periods and regulatory asset amortizations determined in the previous rate cases were recorded and projected through March 31, 2025.

Q. What is FAS 88?

A. FAS 88 is a previous financial accounting standard that addresses, among other issues, accounting for settlement of defined benefit plan obligations and curtailments of defined benefit plans. FAS 88 was codified within ASC 715 when FASB converted to its current numbering conventions in 2009.

Q. How is FAS 88 expense determined?

A. FAS 88 expense is based on information provided by the Company's actuary, Willis Towers Watson. The Company's allocated share of such expense is determined in the same manner as its share of FAS 87 expense is determined.

Q. What is the nature of the FAS 88 regulatory asset amortization in this case?

A. This case includes the following settlements:

[2] *See* S&A in 10-135 docket.

- The 2023 settlements from July 1, 2023, through December 31, 2023, related to EKC's pension plan.
- The 2023 settlements from July 1, 2023, through December 31, 2023, related to EKC' share of the Wolf Creek's pension plan.

Q. Is the Tracker 1 regulatory asset properly includable in rate base?

A. No. The Commission did not authorize rate base inclusion in the 07-1041 docket.

Q. Please explain Tracker 2.

A. The S&A in the 07-1041 docket authorized establishment of Tracker 2 to recognize that the Company's share of actual contributions to its pension Trusts required by law may be greater than its required funding contribution for ratemaking purposes. When the Company's share of actual contributions exceeds its required funding level the Company reflects the excess in an off-book schedule that tracks the amount that the Company has prepaid for ratemaking purposes. The Company may use this prepayment to offset or partially offset cash contributions in future years that would be required for ratemaking purposes but would not be necessary to meet contributions required by law. Although Tracker 2 is not included in pension expense included in cost of service, the schedule must be rolled forward in each case to establish the amount that is available in future periods.

Q. Is there any specific request that the Company is making regarding pension costs?

A. Yes. The Company requests that the balances as of March 31, 2025, for Tracker 1 and Tracker 2 be specifically identified so as to establish the beginning amount to be used in the next rate proceeding. Additionally, the Company requests that the establishment of pension expense built into rates in this case be established. Also, as discussed later in my testimony, the Company is requesting that Tracker 2 be considered for rate base treatment.

Q. What is the amount of the CS-65 adjustment?

A. The adjustment is a decrease of $18,743,058 for the EKC pension plan, and a decrease of $1,543,554 for EKC's share of Wolf Creek generating station's pension plan.

Q. Will this adjustment be updated?

A. Yes. This annualization adjustment will be updated as part of the March 31, 2025 update in this case based on more current 2025 information from the Company's actuary.

Q. As previously mentioned in the adjustment CS-61 OPEB expense, is the Company requesting a change associated with the pension expense Tracker 2 balance?

A. Yes. The Company is requesting in this case that Tracker 2 balances associated with pension and OPEB expenses be included in rate base in this case and in subsequent rate cases.

Q. Why has the Company not included pension and OPEB Tracker 2 balances in rate base previously?

A. In the 07-1041 Docket, EKC entered into an S&A under which the parties agreed not to request rate base treatment associated with the amounts contained in the Pension and OPEB Tracker 2 balances, with two exceptions.[3]

Q. What are those two exceptions?

A. The first exception is that temporary relief may be requested and granted in instances where extraordinary circumstances arise. The second exception is that relief may be requested and granted in the event of a material change affecting the terms of the S&A. The S&A defines "material change" to include, without limitation, "a change in GAAP, tax, or

[3] *See, generally, Stipulation and Agreement*, Docket No. 07-GIMX-1041-GIV (April 15, 2011).

pension law affecting the deductibility of contributions to Pension Trust or OPEB trusts or affecting the contribution requirements of the companies."[4]

Q. Why is the Company requesting now that amounts included in Tracker 2 balances for both OPEB and Pension be included in rate base where applicable?

A. Tracker 2 was established to recognize the ratemaking effect of the timing differences between pension expense recognized for accounting purposes and the minimum required cash contributions to the plan under Employee Retirement Income Security Act ("ERISA"). This allows the company to reduce future cash contributions if pension expense exceeds the minimum funding requirement in the future. When this was established, the dramatic interest rate increases caused by actions from the Federal Reserve in 2022 and 2023 were not envisioned. During 2022, the interest rate used to determine pension expense rose 260 basis points driving down accounting liabilities and expense. As a result of numerous changes to the pension funding requirements over the past several years, including the Infrastructure Investment and Jobs Act and the American Rescue Plan Act, this interest rate change does not result in a corresponding reduction in the minimum required contributions. As a result, the company's actual cash contributions over the next 10 years are expected to significantly exceed the pension expense (over $300M total Evergy by 2032). As such, the Company is making the request for rate base treatment of Tracker 2 at this time.

Q. How do cash contributions benefit customers?

A. There are two ways that contributions in excess of pension expense directly benefit customers. First, because the company is able to invest the contributions immediately, there

[4] *Id.* at pp. 11-12.

is a reduction in pension expense in the next year due to an increase of the expected return on plan asset component of expense. This reduction in expense reduces customer rates in the next rate case through Tracker 1. For example, EKC assumes that plan assets return 6.8% under GAAP expense, so for every $10,000,000 of excess contributions, the next year's pension expense will be reduced by $680,000 due to the application of the expected return on plan assets. The second way that cash benefits customers is through reductions in the insurance premiums charged to the plan by the Pension Benefit Guarantee Corporation ("PBGC"). These premiums are paid by the plan and included in the annual service cost component of expense. Any reduction in PBGC premiums is a direct reduction in next year's pension expense which reduces customer rates in the next rate case through Tracker 1.

Q. How do accelerated cash contributions impact the Company?

A. Since the Company's recovery through rates is based on the pension expense determined under ASC 715, it must finance any cash contribution made to the pension plan in excess of that amount. Without rate base treatment of Tracker 2, it does not recover the cost to finance the contributions, while customers receive the corresponding benefits mentioned above. This erodes the Company's ability to earn its allowed return on equity and contributes to a prospective overall need for rate relief.

Q. What are the amounts proposed for inclusion in rate base in this case in adjustment RB-61 and RB-65?

A. For EKC the OPEB's balance for Tracker 2 included as a rate case item in this case is $5,660,818. For EKC the pension Tracker 2 balance of $251,491 was included in this case.

However, the EKC Pension Tracker 2 balance is expected to increase significantly over the next 10 years, as described above, thus warranting rate base treatment.

CS-67 EKC COLI Reclassification

Q. What additional adjustment is necessary associated with COLI benefits?

A. As per the June 1993 rate order in Docket No. 184,753-U, EKC was allowed to defer to account 186 expenses related to COLI benefits, with the amortization of these deferred costs recorded to account 926. However, a later FERC audit declared that the COLI expenses, with the exception of survivor benefits, be reclassified to below the line account 426. This adjustment moves those expenses, along with Salary Continuation that was reclassed per FERC guidance from 926 to 426, back into 926 accounts for rate review purposes.

Q. Please explain adjustment CS-67.

A. This adjustment moves costs associated with COLI FAS 106 above the line for rate making purposes. However, there was a large death benefit paid during the test year. Thus, in order to smooth this benefit over time, the Company has proposed a two-year amortization to refund the death benefit to customers.

Q. What is the amount of the adjustment?

A. The adjustment is a net reduction to revenue requirement of $1,986,189.

CS-68 KGE COLI "The Plan"

Q: Please explain adjustment CS-68.

A. Per the order in EKC's 2023 rate case, EKC is to credit customers for revenues previously collected for the difference between the amount of expected COLI rate credits as approved as part of the original COLI actuarial schedule and the actual amount of COLI rate credits that customers have received from 1987 through December 31, 2023. Parties agreed the total amount remaining to be credited to customers was $96,530,380 after being grossed up for income taxes. This amount would be established in a regulatory liability to be returned to customers and would be amortized over three years or $32,176,793 per year. With the exception of this regulatory liability amortization, there is no additional COLI rate credits included in the Company's revenue requirements in the 2023 rate case, this case or to be included in the revenue requirement of any future rate case. The company established and recorded the agreed upon amount into the regulatory liability accounts 254805 and 254806. The regulatory liability is being amortized over 3 years, or $32,176,793 per year to residential, commercial, industrial, and other regulatory credit accounts (407491, 407492, 407493, and 407494, respectively) which began January 1, 2024. At the conclusion of the amortization of this regulatory liability, the Company will track any over return to customers as a regulatory asset until such time as rates are set in a general rate case removing that regulatory liability amortization. Any such regulatory asset will be recovered from customers over an appropriate timeframe to be determined in that general rate case.

Q: Is the Company proposing an adjustment to the 3-year amortization period?

A: Yes. Due to the materiality of the annual amortization of the COLI regulatory liability and the impact this amortization could have on the tracking mechanism, the company is proposing an adjustment to the remaining periods left to be amortized since the amortization period from the 2023 case is completed in December 2026 and then at that time the amortization would switch into a prospective tracking asset as a future collection from customers at a rate of $2.7 million a month. Adjustment CS-68 updates the amortization of the COLI regulatory liability by taking the projected balance at September 30, 2025, the expected date of new rates for this filing and amortizes it over two years. This amortization would then reduce the number of months in which a regulatory tracking asset would accumulate before the Company's next general rate case is completed. The annual amortization will be updated to be $20,110,496 annual refund to customers and the amount of the adjustment is $4,022,098 decrease to operating expense as compared to the test period which reflects only a half year of amortization from January 1, 2024 through June 30, 2024.

CS-71 Injuries and Damages

Q. Please explain adjustment CS-71.

A. This adjustment normalizes an annual cost level for injuries and damages expense, as reflected by the amount relieved from FERC account 228.2 Accumulated Provision for Injuries and Damages ("I&D"). This account captures all accrued claims for general liability, worker's compensation, property damage, and auto liability costs. The expenses are included in FERC account 925 as the costs are accrued. The liability reserve is relieved when claims within these categories are actually paid. EKC analyzed the three-year period 12-months ending June 2022, 12-months ending June 2023, and 12-months ending June 2024 and determined that the level of the current accrual is representative of an ongoing level. Thus, the accrual is proposed to remain the same as settled in the last rate case.

Q. Does the Company currently have a reserve set up for these I&D claims?

A. Yes. EKC has had a reserve balance for these types of I&D claims for the past several years and in EKC's last rate case the I&D reserve was continued. Due to the unpredictability of expenses associated with the above-mentioned reserves, the Commission has historically allowed EKC to maintain reserves on its financial statements based on historic experience, rather than trying to predict precisely when and in what amount these costs will be incurred. The cost to build up these reserves is recorded as an expense and included in rates, and in so doing reduces the risk that we charge customers differently from our experience.

Q. **Please explain your adjustment for the injuries and damages reserve for EKC.**

A Based on analysis of the prior three years, I am not proposing an adjustment to the injuries and damages reserve for EKC. Thus, the annual accrual will remain the same.

Q. What is the amount of the adjustment?

A. The adjustment is $0.

Q. Will this adjustment be updated?

A. Yes. I&D claims experience will be re-evaluated at the time of the true-up at March 31, 2025.

CS-72 STORM RESERVE

Q. Please explain adjustment CS-72.

A. As discussed in the direct testimony of Company witness Ryan Mulvany, the KCC established a storm reserve for EKC a number of years ago. The reserve provides a systematic method to collect revenues to be used for extraordinary storm Operating and Maintenance expenses. The adequacy of the reserve is reviewed at each general rate proceeding, and over the years the reserve has worked well for the benefit of our customers and EKC.

Q. Was the Storm Reserve addressed in EKC's last rate case?

A. Yes, in our last rate case in Docket No. 23-EKCE-775-RTS ("23-775 Docket") the Commission approved a non-unanimous settlement agreement that addressed the Storm

Reserve. Specifically, the settlement set an annual accrual amount and a targeted cap of $10 million and specified that the cap will be assessed in this proceeding.

Q. Have you assessed the $10 million cap for the Storm Reserve?

A. Yes, a review of the targeted cap has been conducted.

Q. Do you recommend that the cap be modified?

A. No change to the target cap is recommended at this time for the Storm Reserve. The targeted cap of $10 million has adequately covered the costs associated with the storm-related damages and restoration efforts. Please also see the direct testimony of Company witness Mr. Ryan Mulvany.

Q. What is the amount of the adjustment?

A. There is no request to change the annual accrual amount. This adjustment updates operating expenses to include 12 months of the approved accrual amount from the prior rate case which decreases operating expenses by $2,519,132.

Q. Will this adjustment be updated?

A. Yes. Storm costs will be re-evaluated at the time of the true-up at March 31, 2025.

CS-73 ENVIRONMENTAL RESERVE

Q. Please explain adjustment CS-73.

A. Due to the unpredictability of expenses associated with environmental costs, the Commission has historically allowed EKC to utilize and maintain reserves on its financial statements based on historic experience, rather than trying to predict precisely when and in what amount these costs will be incurred. Yet, in the Company's prior rate case the Environmental Reserve was eliminated.

Q. Was an adjustment made to the environmental reserve in this case?

A. Yes. In the 23-775 Docket, the parties agreed to cease the collection of these costs, thus the accrual stopped as of January 1, 2024, and the reserve will be depleted. After that, environmental costs will be expensed as incurred.

Q. What is the amount of the adjustment?

A. The adjustment is a decrease of $248,052 to remove the six months of accruals recorded during the test year.

Q. Will this adjustment be updated?

A. No.

CS-88 CRITICAL INFRASTRUCTURE PROTECTION - "CIPS"/CYBERSECURITY O&M

Q. Please explain adjustment CS-88.

A. In the 23-775 Docket, the Commission approved a non-unanimous settlement agreement that included the extension of the Company's CIPS/Cybersecurity tracker. The tracker was established to permit recovery of incremental non-labor O&M costs incurred to meet regulatory requirements for protection of critical infrastructure. The settlement agreement included a January 1, 2028 sunset date for the tracker.

Q. What was the level of the regulatory asset/liability for EKC that is being amortized in adjustment CS-88?

A. For EKC, adjustment CS-88 includes an estimated regulatory asset in the amount of $6,725,120, proposed to be amortized over three years. In addition, this amount will be updated at the time of the true-up in this case with the actual balance as of March 31, 2025.

Q. Has the CIPS/Cybersecurity tracker worked effectively since the last rate case?

A. Yes, it has. The costs attributable to the tracker have been effectively tracked and will be amortized in this case.

Q. What is the annual base level of cost to be tracked against in this case?

A. The annual base level included from the 2023 rate cases in the revenue requirement was $3,592,525. The Company is proposing $3,942,601 as the base level of cost in this case based on test year levels.

CS-90 ADVERTISING

Q. Please explain adjustment CS-90.

A. This adjustment excludes any expenses associated with event sponsorships and public image advertising. It also calculates the average allowable costs over a three-year period (calendar years 2021-2023) to determine a representative normal level of annual advertising costs.

Q. What type of advertising costs remain in the three-year average calculated and included in the Company's cost of service?

A. Examples of such costs are items that provide customer information such as bill inserts that provide customer service contact information, billing practices, cold weather rule information, and "call before you dig" advertisements.

Q. What is the amount of the adjustment?

A. The adjustment is $727,746

Q. Will this adjustment be updated?

A. Yes. advertising costs will be re-evaluated at the time of the true-up at March 31, 2025.

<u>CS-93/RB-85 PLANT IN SERVICE ACCOUNTING ("PISA") REGULATORY ASSET AND AMORTIZATION</u>

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

A: House bill 2527 was signed into law in 2024 and codified into the Kansas Statutes Annotated ("K.S.A.") 66-1293 which allows provisions for the electric utility to recover certain costs, including Plant in Service Accounting ("PISA"). The PISA section of K.S.A. 66-1293(b) of the legislation allows utilities to do the following:

> [C]ommencing on July 1, 2024, a public utility shall defer to a regulatory asset 90% of all depreciation expense and return associated with all qualifying electric plants recorded to plant-in-service on the utility's books if the public utility has provided notice to the Commission of the public utility's election to make such deferrals pursuant to subsection (f)(1). Such deferral shall begin on July 1, 2024, if the public utility has notified the commission of the public utility's election to make such deferral by such date or shall begin on that date that such election is made if such election is made after July 1, 2024. Except as provided in subsection (c), subsection (f)(2) and the provisions of section 2, and amendments thereto, in each general rate proceeding concluded after August 28, 2018, the balance of the regulatory asset as of the rate base cutoff date shall be included in the public utility's rate base without any offset, reduction or adjustment based upon consideration of any other factor with the regulatory asset balance arising from deferrals associated with qualifying electric plants placed in service after the rate base cutoff date to be included in rate base in the next general rate proceeding.

Q**: Has the Company adopted the deferral allowed by K.S.A. 66-1293?**

A: Yes. In August 2024 (for July 2024 business) EKC began to defer 90% of both depreciation expense and return associated with qualifying electric plants recorded to plant-in-service accounts on the cumulative charges since the last rate case's true-up date of June 2023. The Company refers to this accounting as the PISA regulatory asset.

Q: Did the Company notify the Commission before July 1, 2024, that it intended to elect the deferrals for depreciation and return associated with qualifying electric plants?

A: Yes. On June 24, 2024, EKC notified Staff regarding their election to record such deferrals for the PISA regulatory asset.

Q: You state deferrals to a regulatory asset for 90% of all depreciation expenses and return associated with qualifying electric plant. Please define what the legislation states is qualifying electric plant.

A: K.S.A. 66-1293 states that qualifying electric plant means all rate base additions by an electric public utility. However, qualifying electric plant does not include transmission facilities or new electric generation units.

Q: Before the deferrals described above are included in rate base does K.S.A. 66-1293 allow carrying costs to be calculated on the PISA regulatory asset?

A: Yes. K.S.A. 66-1293(d) allows for utilities to include carrying costs at the utilities weighted average cost of capital on the balances of the deferred regulatory asset that have not been included in rate base in a Company's general rate case. Since this is the first general rate case to include the deferred regulatory asset, carrying costs have been applied to the balances.

Q: Please describe the accounting used to create the PISA regulatory asset balance as allowed by K.S.A. 66-1293?

A: The accounting process for creating the PISA regulatory asset balance involves several key steps. First, we identify and add the qualifying electric plant additions and retirements to the prior month's balance. Next, we account for changes in accumulated depreciation and amortization, excluding certain items such as clearing accounts and transmission services. Additionally, we consider changes in plant-related accumulated deferred income tax. These components are totaled together to reach the total cumulative qualifying electric rate base for PISA. Next the weighted average cost of capital rate is applied to calculate the carrying cost. Per K.S.A. 66-1293 we then multiply this by 90% to get the allowed carrying costs.

The change in depreciation and amortization expense on the same qualified plant above is also deferred at 90%. The depreciation and amortization expense is based on the authorized depreciation rates and approved amortization periods.

It's important to note that these deferrals are recorded one month in arrears. This delay is necessary to ensure that projects are fully closed, and a current plant number is available for accurate deferral calculations. At the true-up of this rate case we will include all qualifying plant activity through March 31, 2025, that is booked in April 2025 business.

Q: Please explain adjustment RB-85.

A: Adjustment RB-85 includes the projected deferral of the PISA regulatory asset balance at March 31, 2025, in rate base. For qualifying electric plant, this regulatory asset deferral includes $21,074,241 of the depreciation expense recorded once the assets were placed in service. In addition, the deferral includes $15,175,766 of 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 March 31, 2025, will be amortized over 20 years, as set out in the statute. An annual amortization amount of $1,812,500 was included in Adjustment CS-93.

CS-117 COMMON USE BILLINGS – COMMON PLANT ADDS

Q. Please describe the common use billing process and explain how this system (approach, methodology) has been implemented by the Company.

A. Common use billings represent the monthly billing of common use plant maintained by EKC. Common assets belonging to and recorded on the books and records of one utility are used to serve all the Evergy jurisdictional utilities. This property, referred to as common use plant, is primarily service facilities, telecommunications equipment, network systems and software. To ensure that EKC does not subsidize other subsidiaries of Evergy, Inc. or their jurisdictions, EKC bills other Evergy, Inc. jurisdictional utilities for the use of their respective common use assets. Monthly common use billings are created and are based on the depreciation and/or amortization expense of the underlying asset and a rate of return is applied to the common asset net plant basis and billed to the jurisdiction using the asset.

Q. Please explain adjustment CS-117.

A. The Common Use Billing adjustment is completed in 2 steps. First, the actual Common Use Billing that occurred in July 2024 was annualized to include all current common assets that are currently being billed for EKC. July was chosen due to the fact that the Common Use Journal Entry is booked on a month lag, thus common plant additions in June 2024 were included. Second, included in plant adjustment RB-20 are plant additions that are expected to be placed into service after the test year and prior to the true-up period in this rate case proceeding. The forecasted capital additions associated with common assets such as common facilities, network systems, and software will become a part of the Common Use Billing Process. Since these common use plant additions are expected to occur after the test year, the portion of the common use assets that are used by and billable to other Evergy, Inc. jurisdictional utilities are accumulated and charged to the appropriate jurisdictions.

Q. What is the amount of the Common Use Billing adjustment?

A. The adjustment is a decrease of $2,779,709.

Q. Will this adjustment be updated?

A. Yes. Actual Common Use Billings at March 2025 will be annualized in the true-up adjustment associated with adjustment CS-117.

Q. Does this conclude your testimony?

A. Yes, it does.

Evergy
2025 RATE CASE - KS Central - DIRECT
TY 6/30/24; True-Up 3/31/25

Revenue Requirement

Line No.	Description	7.686% Return
	A	B
1	Net Orig Cost of Rate Base (Sch 2)	$ 6,732,721,065
2	Rate of Return	**7.6856%**
3	Net Operating Income Requirement	$ 517,450,010
4	Net Income Available (Sch 9)	365,701,063
5	Additional NOIBT Needed	151,748,947
6	Additional Current Tax Required	40,337,905
7	Gross Revenue Requirement	$ 192,086,852

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2025 RATE CASE - KS Central - DIRECT
TY 6/30/24; True-Up 3/31/25

Rate Base

Line No.	Description	Amount	Witness	Adj No.
	A	B	C	D
1	Total Plant :			
2	Total Plant in Service - Schedule 3	12,104,651,925	Branson	RB-20, RB-28, RB-32
			Nunn	RB-82
3	Subtract from Total Plant:			
4	Depreciation Reserve - Schedule 6	4,634,188,934	Branson	RB-30, RB-28, RB-32
			Nunn	RB-82
5	Net (Plant in Service)	7,470,462,991		
6	Add to Net Plant:			
7	Cash Working Capital - Schedule 8	(131,250,183)	Branson	
8	Materials and Supplies - Schedule 12	265,245,113	Kramer	RB-72
9	Prepayments - Schedule 12	17,594,170	Kramer	RB-50
10	Fuel Inventory - Oil - Schedule 12	12,919,533	Tucker	RB-74
11	Fuel Inventory - Coal - Schedule 12	88,003,880	Tucker	RB-74
12	Fuel Inventory - Additives - Schedule 12	4,196,735	Tucker	RB-74
13	Fuel Inventory - Nuclear - Schedule 12	92,153,304	Branson	RB-75
14	Regulatory Asset - LaCynge AAO	5,495,195	Kramer	RB-27
15	Regulatory Asset - Diff in Depr Rates	4,564,578	Kramer	RB-26
16	Regulatory Asset - Pensions	251,491	Klote	RB-65
17	Regulatory Asset - OPEB	5,660,818	Klote	RB-61
18	Regulatory Asset - State Line	149,920	Kramer	RB-81
19	Regulatory Asset - PISA Deferral	36,250,007	Klote	RB-85
20	CWIP	146,786,247	Branson	RB-21
21	Subtract from Net Plant:			
22	Cust Advances for Construction	4,704,158	Kramer	RB-71
23	Customer Deposits	4,720,131	Kramer	RB-70
24	ILOC Deposits	1,270,313	Kramer	RB-69
25	Deferred Income Taxes - Schedule 13	1,273,477,223	Hardesty	Sch 13
26	Regulatory Liability - Aquila Consent Fee	1,590,910	Kramer	RB-24
27	Total Rate Base	6,732,721,065		

Evergy
2025 RATE CASE - KS Central - DIRECT
TY 6/30/24; True-Up 3/31/25

Income Statement

Line No.	Description	Total Company	Adjustment	Adjusted Total Company
	A	B	C	D
1	Operating Revenue	2,817,773,680	(1,296,624,770)	1,521,148,910
2	Operating & Maintenance Expenses:			
3	Production	709,010,382	(584,581,916)	124,428,466
4	Transmission	325,797,244	(321,240,116)	4,557,128
5	Distribution	11,433,174	636,870	12,070,044
6	Customer Accounting	48,044,914	26,939,973	74,984,887
7	Customer Services	3,631,852	2,406,026	6,037,878
8	Sales	1,482,773	87,482	1,570,255
9	A & G Expenses	291,840,488	4,412,076	296,252,564
10	Total O & M Expenses	1,391,240,827	(871,339,607)	519,901,220
11	Depreciation Expense	449,982,115	(90,776,709)	359,205,406
12	Amortization Expense	81,952,709	15,555,672	97,508,381
13	Amortization Regulatory Debits & Credits	123,326,778	(130,119,273)	(6,792,495)
14	Taxes other than Income Tax	233,840,987	(71,258,923)	162,582,064
15	Net Operating Income before Tax	537,430,264	(148,685,930)	388,744,334
16	Income Taxes Current	20,689,059	23,429,553	44,118,612
17	Income Taxes Deferred	(34,735,457)	16,268,516	(18,466,941)
18	Investment Tax Credit	(3,811,593)	1,203,193	(2,608,400)
19	Total Taxes	(17,857,991)	40,901,262	23,043,271
20	Total Net Operating Income	555,288,255	(189,587,192)	365,701,063

Evergy
2025 RATE CASE - KS Central - DIRECT
TY 6/30/24; True-Up 3/31/25

Summary of Adjustments

Line No.	Adj No.	Description	Witness	Increase (Decrease)
	A	B		D
				Adjust to 03-31-2025 - True Up Date
	JURISDICTIONAL COST OF SERVICE			**Total Adjustments**
				Incr (Decr)
1	**OPERATING REVENUE**			
2	**Retail Sales - Schedule 9**			
3	R-11	Out-of-period-items - Revenue	Klote	0
4	R-20	Revenue Normalization	Miller	(692,389,171)
5	R-21a	Forfeited Discounts	Kramer	129,066
6	R-21b	Forfeited Discounts Ask	Kramer	534,613
7	CS-23	Remove FAC Under Recovery	Nunn	(4,288,995)
8	R-24	Amort Aquila Consent Fee RL	Kramer	0
9	R-26	RECA Elimination	Nunn	(175,491,216)
10	R-30	Amort Coffeyville Contract RA	Kramer	0
11	R-31	Occidental Revenue Loss	Kramer	(204,321)
12	R-32	Amort State Line Recovery RL	Kramer	185,356
13	R-33	Amort Spirit Contract RA	Kramer	(3,770,679)
14	R-34	Amort Lost Rev-RPER Rate Switcher	Kramer	(17,536)
15	R-35	Amort Lost Rev-REV Rate Switcher	Kramer	(5,562)
16	R-82	Transmission Revenue Elimination	Nunn	(381,154,546)
17	R-83	Capacity Contracts	Nunn	(2,867,510)
18	CS-84	JEC 8%	Branson	8,910,064
19	R-84	Remove Misc Over/Under	Nunn	(46,194,333)
20		**Operating Revenue - Schedule 9, line 41**		**(1,296,624,770)**
21				
22	**OPERATING EXPENSES - Schedule 9, line 308**			
23	CS-4	EKCR Bad Debt	Kramer	8,749,887
24	CS-9	EKCR Bank Fees	Kramer	11,731,335
25	CS-10	Customer Deposits - Interest	Kramer	265,234
26	CS-11	Out-of-period-items - Cost of Service	Klote	(3,033,825)
27	CS-20a	Bad Debt	Kramer	3,532,222
28	CS-20b	Bad Debt - ASK	Kramer	1,090,939
29	CS-21	Remove Hutchinson Solar Farm	Kramer	(149,113)
30	CS-23	Remove RECA Over/Under Collection	Nunn	(19,990,756)
31	CS-25	State Line Capacity Costs	Kramer	3,901,268
32	CS-26	RECA Costs	Nunn	(559,382,814)
33	CS-27	WC Water Contract	Kramer	(531,394)
34	CS-28	WPWF Levelized Rev Req	Branson	14,408,614
35	CS-30	Environmental Assessments	Kramer	122,475
36	CS-31	Capacity Contracts	Nunn	(5,058,740)
37	CS-32	Persimmon Creek Levelized Rev Req	Branson	10,947,363
38	CS-36	WC Refueling Outage Amort	Klote	(251,069)
39	CS-37	Nuclear Decommissioning	Klote	0
40	CS-39	IT Software Maintenance	Klote	1,770,696
41	CS-40	Transmission Maintenance	Klote	0
42	CS-41	Distribution Maintenance	Klote	0
43	CS-42	Generation Maintenance	Klote	0
44	CS-43	Wolf Creek Maintenance	Klote	0
45	CS-44	Evergy Stay Connected Kansas	Klote	1,600,000
46	CS-50	Payroll	Klote	8,898,437
47	CS-51	Incentive	Klote	(8,789,085)
48	CS-60	Other Benefits	Klote	3,964,081
49	CS-61	OPEB	Klote	20,275
50	CS-65	Annualized Pension Expense	Klote	(20,286,612)
51	CS-67	EKC COLI Reclassification	Klote	(1,986,189)
52	CS-70	Insurance	Kramer	3,011,737
53	CS-71	Injuries & Damages	Klote	0
54	CS-72	Storm Reserve	Klote	(2,519,132)
55	CS-73	Environmental Reserve	Klote	(248,052)
56	CS-76	Customer Deposits - Interest	Branson	(26,868)
57	CS-78	EKRC Bank Fees	Kramer	(107,899)
58	CS-82	TDC	Nunn	(332,601,099)
59	CS-84	JEC 8%	Branson	9,674,948
60	CS-85	Regulatory Assessments	Branson	674,949
61	CS-88	CIPS/Cyber Security O&M	Klote	0
62	CS-90	Advertising	Klote	727,747
63	CS-92	Dues/Donations	Kramer	(1,313,454)
64	CS-95	Amortization of Merger Transition Costs	Kramer	0
65	CS-99	Annualize Smartstar	Kramer	(18,331)
66	CS-102	Amort Prepay Program Reg Asset	Kramer	(7,797)
67	CS-109	Lease Expense	Branson	2,650,027
68	CS-117	Common Use Billings	Klote	(2,779,710)
69	CS-120	Depreciation Expense	Branson	99
70	CS-128	Amort Gain on Sale Leaseback RL	Kramer	0
71				**(871,339,607)**

Evergy
2025 RATE CASE - KS Central - DIRECT
TY 6/30/24; True-Up 3/31/25

Summary of Adjustments

Line No.	Adj No.	Description	Witness	Increase (Decrease)
	A	B		D
				Adjust to 03-31-2025 - True Up Date
	JURISDICTIONAL COST OF SERVICE			**Total Adjustments Incr (Decr)**
72	**Depreciation Expense - Schedule 9, line 320**			
73	CS-11	Out-of-period-items - Cost of Service	Klote	(12,248,030)
74	CS-101	Amort Analog Meter Retirements	Kramer	(624,869)
75	CS-120	Annualize depreciation expense based on jurisdictional depreciation rates applied to jurisdictional plant-in-service at indicated period	Branson	(77,903,810)
76				**(90,776,709)**
77	**Amortization Expense - Schedule 9, line 334**			
78	CS-82	TDC	Nunn	(2,265,502)
79	CS-121	Annualize plant amortization expense based on jurisdictional amortization rates applied to unamortized jurisdictional plant-in-Service at indicated period	Branson	8,127,987
80	CS-124	KGE Merger Savings Amortiz	Hardesty	9,693,187
81				**15,555,672**
82	**Regulatory Debits & Credits - Schedule 9, line 359**			
83	CS-11	Out-of-period-items - Cost of Service	Klote	(108,031,183)
84	CS-28	WPWF Levelized Rev Req	Branson	(12,111,828)
85	CS-29	COVID AAO Expenses	Kramer	1,991,695
86	CS-32	Persimmon Creek Levelized Rev Req	Branson	(4,397,284)
87	CS-68	KGE COLI "The Plan"	Klote	(4,022,098)
88	CS-80	Rate Case Expense Regulatory Assets	Kramer	934,942
89	CS-84	JEC 8%	Branson	(7,877)
90	CS-88	CIPS/Cyber Security O&M	Klote	728,489
91	CS-93	Amortiz of PISA Deferral	Klote	1,812,500
92	CS-104	Amort Depr Diff RA	Kramer	(21,700)
93	CS-113	Amort LaCygne Reg Asset	Kramer	0
94	CS-114	Amort Deferred Liab - KS Inc Tax	Kramer	(4,210,064)
95	CS-129	Amort Gain on Sale Building RL	Kramer	(282,179)
96	CS-130	Amort Excess Storm Reserve RL	Kramer	(4,401,123)
97	CS-135	Amort TOU Mktg & Educ Costs RA	Kramer	584,571
98	CS-137	Amort State Line Recovery WGEN PPA RA	Kramer	981,935
99	CS-138	Amort Electrification Def Asset	Kramer	545,837
100	CS-142	Amort Elec Subdiv Rebate Program RL	Kramer	(213,907)
101				**(130,119,273)**
102	**Taxes Other than Income - Schedule 9, line 372**			
103	CS-28	WPWF Levelized Rev Req	Branson	(1,601,860)
	CS-32	Persimmon Creek Levelized Rev Req	Branson	(1,336,426)
104	CS-53	Payroll Taxes - FICA	Klote	32,817
105	CS-82	TDC	Nunn	(48,997,672)
106	CS-84	JEC 8%	Branson	133,039
107	CS-126	Adjust property tax expense	Hardesty	(19,488,821)
108				**(71,258,923)**
109	**Income Tax Expense- Schedule 9, line 393**			
110	CS-125	Reflect adjustments to Schedule 9, Allocation of Current and Deferred Income Taxes	Hardesty	40,901,262
111				**40,901,262**
112				
113		**Total Electric Oper. Expenses**		**(1,107,037,578)**
114				
115		**Net Electric Operating Income - Schedule 9, line 395**		**(189,587,192)**
				0

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

VERIFICATION

Ronald Klote, being duly sworn upon his oath deposes and states that he is the Sr Director Regulatory Affairs, for Evergy, Inc., that he has read and is familiar with the foregoing Testimony, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Ronald A Klote

Ronald Klote

Subscribed and sworn to before me this 31st day of January 2025.

Leslie R. Wines

Notary Public

My Appointment Expires:

May 30, 2026

NOTARY PUBLIC - State of Kansas
LESLIE R. WINES
MY APPT. EXPIRES 5/30/2026