

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

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Kansas Metro)
Seeking Commission Approval to Implement) Docket No. 22-EKME-450-TAR
Changes in its Transmission Delivery Charge)
Rate Schedules)

NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION

The Staff of the Kansas Corporation Commission (Staff and Commission, respectively) hereby submits the attached Report and Recommendation (R&R) regarding Evergy Metro Inc. d/b/a Evergy Kansas Metro's March 18, 2022, Transmission Delivery Charge (TDC) Filing. Staff recommends the Commission continue to allow Evergy Kansas Metro's TDC rate schedules to be collected, resulting in the collection of \$43,349,037, or an increase of \$7,872,752.

WHEREFORE, Staff respectfully requests the Commission adopt its recommendation of approval.

Respectfully Submitted,

/s/ Michael Neeley
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**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Dwight D. Keen
Commissioner Susan K. Duffy
Commissioner Andrew J. French

FROM: Katie Figgs, Managing Auditor
Andria Jackson, Deputy Chief of Revenue Requirements, Cost of Service and Finance
Justin Grady, Chief of Revenue Requirements, Cost of Service and Finance
Jeff McClanahan, Director

DATE: November 7, 2022

SUBJECT: Docket No. 22-EKME-450-TAR: In the Matter of the Application Evergy Metro, Inc. d/b/a Evergy Kansas Metro Seeking Commission Approval to Implement Changes in its Transmission Delivery Charge Rate Schedules.

EXECUTIVE SUMMARY:

Evergy Kansas Metro (Evergy Metro) filed a request for \$43,349,037 in Transmission Delivery Charge (TDC) revenues under the Application, which represents a \$7,872,752 increase since its last TDC filing. On May 1, 2022, Evergy Metro began billing the updated TDC rates to its retail customers on a subject-to-refund basis pursuant to K.S.A. 66-1237(c), pending the conclusion of Staff's investigation and the Commission's final determination. Staff has performed an audit of Evergy Metro's TDC tariff filing and recommends the Commission approve the tariff as filed. If approved, Evergy Metro's TDC would increase an average residential monthly customer bill by \$1.46.

BACKGROUND:

On March 18, 2022, Evergy Metro submitted an Application seeking Commission approval to implement changes in its TDC rate schedules. Evergy Metro's filing represents an update to the prior TDC approved in Docket No. 21-EKME-361-TAR (21-361 Docket). Supplemental to its filed request, Evergy Metro included clean and red-line versions of its proposed TDC tariffs, as well as workpapers supporting the calculations. In accordance with K.S.A. 66-1237(c), Evergy

Metro sought implementation of the new TDC tariffs within 30 business days, requesting May 1, 2022, as the desired effective date.¹

Evergy Metro is a transmission-owning member (TO) of Southwest Power Pool (SPP), a nonprofit Regional Transmission Organization (RTO) that serves the function of a Transmission Provider (TP) to its member-entities. In its role as a TP, SPP acts as an agent for and on behalf of its TOs. One of SPP's functions as a TP is administering the billing for the wholesale transmission service provided over member-owned transmission facilities under its Open Access Transmission Tariff (OATT). Accordingly, SPP will collect for the transmission service from the wholesale transmission customers requesting such service over Evergy Metro's transmission facilities. SPP will then remit these charges back to the Company.

Evergy Metro's retail customers also utilize Evergy Metro's transmission system to receive required energy. In order to gain approval from the Missouri Public Service Commission to transfer functional control of its transmission facilities to SPP, Evergy Metro signed an Agreement for the Provision of Transmission Service to Missouri Bundled Retail Load (Missouri Service Agreement). Under the terms of the Missouri Service Agreement, Evergy Metro, as a Network Integrated Transmission Service (NITS) customer, is not charged Schedule 9 charges for the use of its legacy transmission facilities. Evergy Metro does, however, pay Schedule 9 NITS charges for the use of other transmission owners' facilities where applicable and, thus, incurs these charges from SPP.

The TDC tariff is established to recover Evergy Metro's revenue requirement associated with providing transmission service to its retail load. In other words, the approved TDC tariffs are designed to recover Evergy Metro's retail transmission service cost. The approved TDC rates under the current tariff are based on Evergy Metro's annual transmission revenue requirement (ATRR), which is derived from Evergy Metro's annual Transmission Formula Rate (TFR), which has been approved by the Federal Energy Regulatory Commission (FERC). In addition to the retail portion of that amount, the current TDC tariff recovers the retail-allocated portion of other SPP charges associated with transmission service. In its request, Evergy Metro's TDC rates were calculated to recover \$43,349,037 from retail customers, which represents a \$7,872,752 increase since Evergy Metro's prior TDC filing in the 21-361 Docket.

ANALYSIS:

To facilitate its review for Evergy Metro's TDC filing, Staff solicited from Evergy Metro various information requests including recent copies of SPP billing statements, billing determinants and usage data used to determine the amount of the TDC Evergy Metro is responsible for, residential bill impact analysis, etc.

¹ K.S.A. 66-1237(c) states: "[a]ll transmission-related costs incurred by an electric utility and resulting from any order of a regulatory authority having legal jurisdiction over transmission matters, including orders setting rates on a subject-to-refund basis, shall be conclusively presumed prudent for purposes of the transmission delivery charge and an electric utility may change its transmission delivery charge whenever there is a change in transmission-related costs resulting from such an order. The commission may also order such a change if the utility fails to do so. An electric utility shall submit a report to the commission at least 30 business days before changing the utility's transmission delivery charge. If the commission subsequently determines that all or part of such charge did not result from an order described by the subsection, the commission may require changes in the transmission delivery charge and impose appropriate remedies, including refunds."

Calculation of the ATRR for use in the TDC calculation:

The tariff Evergy Metro included in the Application contains transmission charges for the following cost elements of the OATT from SPP:

- Schedule 1A-Tariff Administration Service
- Schedule 2 - Point-to-Point (PtP) charges (as assignable to Retail sales)
- Schedule 7 - Firm PtP charges (as assignable to Retail sales)
- Schedule 8 - Non-Firm PtP charges (as assignable to Retail sales)
- Schedule 9 - Network Integration Transmission Service
- Schedule 10 - Wholesale Distribution Service
- Schedule 11 - Base Plan Charge
- Schedule 12 - FERC Assessment Charge
- Other costs associated with Schedule 1 fees for transmission service provided on foreign wires
- SPP Direct Assigned or Sponsored Upgrade Transmission Fees for Customer Upgrades

In addition, other non-SPP transmission-related charges recorded in FERC Account 565 (Transmission of Electricity by Others), fees charged to the Company by the North American Electric Reliability Council (NERC), and other transmission revenue requirements that are not otherwise reflected in and recoverable through base rates or other Commission authorized rider mechanisms are also included.

In addition to verifying the total input costs, Staff also examined a few supplementary processes performed by the Company to arrive at the individual retail transmission delivery charges. Staff reviewed data in the Revenue Requirements and Rates (RRR) file on the SPP website and workpapers detailing the load data provided by Evergy Metro, which included Evergy Metro's native system load (Kansas retail, Missouri retail, and full requirement cities), third party load in the Evergy Metro transmission pricing zone (i.e. KMEA and KEPCo), and load associated with Grandfathered Agreements, to verify the Company's Load Ratio Share (LRS) calculations.

Staff has reviewed the data provided by Evergy Metro through the information requests issued, including the SPP invoices and the load and usage data submitted by Evergy Metro in support of its TDC calculation. Additionally, Staff has verified the information provided by reviewing the published data on the SPP website. Staff finds that Evergy Metro's revised TDC filing accurately reflects the nature of the costs it incurs for providing transmission service to its retail customers and that its TDC charges were calculated correctly in its filing.

Calculation of the TDC Rate for each retail rate schedule:

The ATRR is collected by applying a TDC rate, developed for each rate schedule permitting such cost recovery, to each applicable customer's bill. The allocation of the ATRR to the respective rate schedules is based on the 12 coincident-peak (12-CP) allocation method, similar to the method used by SPP to assess transmission charges. Evergy Metro's TDC tariff is currently based on the 12 months of the test year ended September 30, 2017. Evergy Metro's 12-CP allocation is adjusted for each customer class using the updated 12-CP allocation ratio from its most recent rate case and remains unchanged until the next general rate case or, at a minimum, once every five years, to limit cost shifting among retail classes.

Staff reviewed Evergy Metro's demand allocation of the TDC expense and verified the final TDC rates computed for each rate schedule.

RECOMMENDATION:

Staff recommends the Commission continue to allow Evergy Metro's TDC rate schedules to be collected, resulting in the collection of \$43,349,037, or an increase of \$7,872,752.

CERTIFICATE OF SERVICE

22-EKME-450-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served via electronic service this 7th day of November, 2022, to the following:

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