BEFORE THE CORPORATION COMMISSION

OF THE STATE OF KANSAS

IN THE MATTER OF THE JOINT	]	
APPLICATION OF EVERGY KANSAS	]	
CENTRAL, INC., EVERGY KANSAS	]	KCC Docket No. 23-EKCE-775-RTS
SOUTH, INC., AND EVERGY METRO, INC.	]	
FOR APPROVAL TO MAKE CERTAIN	]	
CHANGES IN THEIR CHARGES FOR	]	
ELECTRIC SERVICE.	]	

DIRECT TESTIMONY OF

ANDREA C. CRANE

RE: REVENUE REQUIREMENTS

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

August 29, 2023

*****REDACTED*****

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I. STATEMENT OF QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Andrea C. Crane and my business address is 2805 East Oakland Park Boulevard, #401, Ft. Lauderdale, Florida 33306.

Q. By whom are you employed and in what capacity?

A. I am President of The Columbia Group, Inc., a financial consulting firm that specializes in utility regulation. In this capacity, I analyze rate filings, prepare expert testimony, and undertake various studies relating to utility rates and regulatory policy. I have held several positions of increasing responsibility since I joined The Columbia Group, Inc. in January 1989. I became President of the firm in 2008.

Q. Please summarize your professional experience in the utility industry.

A. Prior to my association with The Columbia Group, Inc., I held the position of Economic Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987 to January 1989. From June 1982 to September 1987, I was employed by various Bell Atlantic (now Verizon) subsidiaries. While at Bell Atlantic, I held assignments in the Product Management, Treasury, and Regulatory Departments.

Q. Have you previously testified in regulatory proceedings?

A. Yes, since joining The Columbia Group, Inc., I have testified in approximately 400 regulatory proceedings in the states of Arizona, Arkansas, Connecticut, Delaware, Florida, Hawaii, Kansas, Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, Washington, West Virginia and the District of Columbia. These proceedings involved electric, gas, water, wastewater, telephone, solid waste, cable television, and navigation utilities. A list of dockets in which I have filed testimony over the past five years is included in Exhibit ACC-1.

Q. What is your educational background?

A. I received a Master of Business Administration degree, with a concentration in Finance, from Temple University in Philadelphia, Pennsylvania. My undergraduate degree is a B.A. in Chemistry from Temple University.

II. <u>PURPOSE OF TESTIMONY</u>

Q. What is the purpose of your testimony?

A. On April 25, 2023, Evergy Kansas Central, Inc., and Evergy Kansas South, Inc., (collectively "Central" or "EKC") and Evergy Metro, Inc. ("Metro") filed an Application with the Kansas Corporation Commission ("KCC" or "Commission") seeking base revenue increases for the Central and Metro retail electric operations.[1]

1 Central and Metro may be referred to, collectively or individually, as the "Company".

Central and Metro became affiliated by the merger of Westar Energy, Inc. with Great Plains Energy, Inc., the parent company of Metro, in 2018. As part of its merger commitments, Central and Metro agreed to a five-year moratorium on base revenues increases, which expires December 13, 2023.

In the Application, Central proposed a base revenue increase of $279 million, or approximately 21.99% on base rates. After adjustments to the Retail Energy Cost Adjustment ("RECA") and Property Tax Surcharge ("PTS") riders of $41.5 million and $33.3 million respectively, Central's proposal results in a net revenue increase of $204.2 million. Metro proposed a base revenue increase of $25.1 million or approximately 4.43% on base revenues, offset by a $10.9 million reduction in the PTS, resulting in a net revenue increase of $14.2 million.

The Columbia Group, Inc. was engaged by the State of Kansas, Citizens' Utility Ratepayer Board ("CURB") to review the Company's Application and to provide recommendations to the KCC regarding the Company's revenue requirement claims. CURB is also sponsoring the testimonies of: J. Randall Woolridge on cost of capital and capital structures issues, David Garrett on depreciation rate issues, and Glenn Watkins on allocation and rate design issues.

III. INTRODUCTION

Q. What period did the Company use to develop its proposed revenue requirement claims?

A. The Central and Metro revenue requirements were based on the test year ending September 30, 2022. In addition, the Company made adjustments to reflect updated data through June 30, 2023, for many of its rate base, revenue, and operating expense components.

Q. What does the Company identify as the principal drivers of the requested revenue increase?

A. For both Central and Metro, the Company states that plant investment made during the rate moratorium is a major factor for the proposed increase. This includes approximately $480 million in rate base additions for Central and additional investment of $195 million in Metro. In addition, the Company is seeking to increase its cost of capital in both systems and is requesting an authorized return on equity of 10.25%, significantly higher than the 9.3% on which current rates are based. The Company is also seeking to implement new depreciation rates in both Central and Metro. Other factors impacting the proposed Central revenue increase are the allocation of common use billings for assets owned by Metro, Central's proposal to terminate certain payments related to Corporate Owned Life Insurance ("COLI") that have been used in the past to reduce rates, and the loss of certain wholesale contracts. Increases in both Central and Metro have been mitigated by certain operational savings that resulted from the merger.

Q. How was your analysis impacted by the fact that different rates are proposed for Central and Metro?

A. The fact that Central and Metro have individual revenue requirements and rates means that two complete revenue requirement analyses were necessary. While there are some issues that are common to both entities, there are also certain issues that only impact Central or Metro. Therefore, in discussing each adjustment, I will identify whether my recommendation impacts Central, Metro, or both. For the most part, it is not necessary to distinguish between the two individual corporate entities (North and South) that comprise Central, except for the use of separate depreciation rates as discussed later in my testimony.

Q. Did the Company subsequently update its revenue requirement model to reflect actual data through June 30, 2023?

A. The Company did not file a formal update. However, in response to numerous Staff data requests, it did update various adjustments to reflect actual data through June 30, 2023. Also, in response to CURB-134, the Company provided an updated revenue requirement model that reflected updates for all adjustments that it proposed be updated as of June 30, 2023. In its response to CURB-134, Evergy claimed an updated revenue deficiency of $289.0 million for Central and of $25.2 million for Metro.

Q. Did you incorporate the updated revenue requirement model in your analysis?

A. Yes, I did. My analysis began with the updated revenue requirement models provided in response to CURB-134. Moreover, instead of developing my own revenue requirement model to quantify my adjustments, I input my adjustments directly into the Company's updated revenue requirement models for Central and Metro, and the model calculated the overall revenue requirement deficiency or surplus. This is a different approach than I have utilized in prior cases, which I calculated the revenue requirement impact of each individual adjustment. However, given the complexity of analyzing two individual revenue requirements, it was more efficient to utilize the Company's model. I have retitled the attachment to clarify that it is the Company's model as modified by CURB. In addition, I have highlighted in yellow the changes that I have made to the input data. Given the fact that many components of the revenue requirement are linked and are automatically updated when a change is made to input data, I have not attempted to identify each cell that differs from the Company's response in CURB-134.[2] However, I have highlighted those adjustments that I propose in the model. I will also attempt to describe other changes that flow-though the model as a result of CURB's adjustments.

Q. Are you including the entire revenue requirement model for both Central and Metro as exhibits to your testimony?

A. No, I am not. Since the output is voluminous and I have accepted many of the accounting adjustments proposed by Central and Metro, it would be inefficient to include the entire revenue requirement models as exhibits. Instead, I am providing selected schedules from the models, as well as one new schedule summarizing my revenue and expense adjustments.

2 In addition, I want to make it clear that I am using the Company's model for this case only, and will not utilize the model in any other proceedings that do not relate to Central or Metro operations.

Exhibit ACC-2 contains selected schedules from the revenue requirement model relating to Central while Exhibit ACC-3 contains similar schedules for Metro. Following are the schedules included in each exhibit:

- Revenue Requirement – Schedule 1
- Rate Base – Schedule 2
- Working Capital – Schedule 12
- Deferred Tax Reserve – Schedule 13
- Cap Structure
- Allocations (Metro Only)
- Summary of CURB Revenue and Expense Adjustments

However, the entire revenue requirement models reflecting CURB's adjustments are being provided to the parties as workpapers, along with certain other workpapers that support my revenue requirement analysis.

IV. SUMMARY OF CONCLUSIONS

Q. What are your conclusions concerning Central's revenue requirement and its need for rate relief?

A. Based on my analysis of Central's filing and other documentation in this case, my conclusions are as follows:

1. The twelve months ending June 30, 2023, is an acceptable period to use in this case to evaluate the reasonableness of Central's claims.

2. Central has a pro forma cost of equity of 9.25% and an overall cost of capital of 6.86%, as shown in Exhibit ACC-2, page 5, and as discussed in Dr. Woolridge's testimony. Metro has a pro forma cost of equity of 9.25% and an overall cost of capital of 6.77%, as shown in Exhibit ACC-3, page 5.

3. Central has a pro forma rate base of $6,015,098,534, and a pro forma operating income at present rates of $281,279,236, as shown in Exhibit ACC-2, page 1.

4. Based on CURB's recommended cost of capital and depreciation rates, as well as on the accounting adjustments discussed in my testimony, the KCC should authorize a rate increase of no greater than $166,334,627 for Central. This is in contrast to Central's updated deficiency of $288,988,514.

5. Metro has a pro forma rate base of $2,603,245,286, and a pro forma operating income at present rates of $195,018,283 as shown in Exhibit ACC-3, page 1.

6. Based on CURB's recommended cost of capital, jurisdictional allocations, and depreciation rates, as well as on the accounting adjustments discussed in my testimony, the KCC should authorize a revenue reduction of $23,915,290 for Metro. This is in contrast to Metro's updated proposed increase of $25,195,350.

7. The Commission should reject Central's request to include the levelized cost of the Persimmon Creek Wind Farm in base rates. Instead, Central retail ratepayers should pay for energy supplied by the Persimmon Creek Wind Farm on a per kWh basis for

energy actually produced, similar to the way that a Purchased Power Agreement ("PPA") is structured.

8. The Commission should reject Central's request to include an additional 8% of the Jeffrey Energy Center ("JEC") in base rates at this time.

9. The Commission should reject Central's request to include a regulatory asset relating to funding of Pensions and Other Post Employment Pension ("OPEB") costs in rate base.

10. The Commission should reject the Company's proposed Residential Battery Energy Storage ("RBES") pilot program.

11. The Commission should authorize Central and Metro to file an abbreviated rate case within 12 months of a Final Order in this docket.

V. <u>COST OF CAPITAL AND CAPITAL STRUCTURE</u>

Q. What cost of equity did the Company propose in its filing for the Central and Metro systems?

A. The Company utilized a cost of equity of 10.25% for both Central and Metro in its initial and updated filings. In addition, the Company reflected common equity ratios of approximately 52% in its proposed capital structures. See Exhibit JRW-7 of Dr. Woolridge's testimony for the Central and Metro rate of return proposals included in the Application.

Q. Is CURB recommending any adjustments to the Company's proposal for capital structure or cost of capital?

A. Yes, CURB is recommending adjustments to both the capital structure and to the return on equity in both the Central and Metro systems. As discussed in Dr. Woolridge's testimony, following are the capitalization ratios and the cost rates being recommended by CURB for each system:

CURB Recommendation – Central

	Percentage	Cost	Weighted Cost
Long Term Debt	48.76%	4.35%	2.12%
Common Equity	51.24%	9.25%	4.74%
Total			6.86%

CURB Recommendation – Metro

	Percentage	Cost	Weighted Cost
Long Term Debt	50.91%	4.37%	2.23%
Common Equity	49.09%	9.25%	4.54%
Total			6.77%

Q. How are Dr. Woolridge's recommendations incorporated into your revenue requirement analysis?

A. I have reflected Dr. Woolridge's capital structure and cost of equity recommendations in the "Capital Structure" tabs of the Central and Metro revenue requirement models. Dr. Woolridge's recommended returns of 6.86% for Central and 6.77% for Metro are then used in the "Revenue Requirement – Sch 1" tab to determine the revenue deficiency or excess for each system. That revenue deficiency or excess is then grossed up by a revenue multiplier to reflect the associated income taxes.

VI. JURISDICTIONAL ALLOCATIONS

Q. Why are jurisdictional allocations important in this proceeding?

A. Jurisdictional allocations are important because one of the systems, Metro, operates in both Kansas and Missouri. Therefore, the Metro revenue requirement is allocated between these two states. The Company calculated its Metro adjustments on a total Company basis. The revenue requirement model then allocates each component of that revenue requirement based on the individual allocators that are shown in the "Allocation Factors" tab of the model.

Q. Is CURB recommending any adjustment to the jurisdictional allocators proposed by Metro?

A. Yes, as discussed in the testimony of Glenn Watkins, CURB is recommending an adjustment to the Demand allocator proposed by Metro. While Metro is proposing a change to the demand allocator that is currently approved in Kansas, Mr. Watkins is recommending that the current allocation methodology for demand costs be retained. This recommendation impacts not only the Demand allocator, but also several composite allocators that are based in part on the allocation of demand costs. In the "Allocation Factors" tab of the Metro revenue requirement model, Mr. Watkins' recommended Demand allocator is highlighted in yellow in Exhibit ACC-3, page 6. Mr. Watkins' recommendation will impact all components of the revenue requirement that are allocated based on the Demand allocator or on a composite allocator that utilizes the Demand allocator. Many changes reflected in the Company's revenue requirement models that are not specifically discussed in my testimony are the result of either changes in the Demand allocator, or are the direct result of flowing-through changes in other revenue requirement components that are addressed in my testimony, such as the interest expense calculation discussed above.

Q. Was it necessary for you to allocate each of your Metro rate base, revenue, and expense adjustments between Kansas and Missouri?

A. No. Metro calculated its adjustments on a total company basis and the model allocates each adjustment based on the account into which each adjustment is booked and the appropriate allocation factor for that account. Since I updated the revenue requirement model with Mr. Watkins' proposed allocation factors, those proposed allocators are used internally by the model to allocate each adjustment. The Kansas jurisdictional rate base and net operating income at present rates are then used to determine the required overall revenue change necessary in order to provide each system with the opportunity to earn CURB's proposed weighted average cost of capital.

VII. RATE BASE ISSUES

Q. How did the Company develop its plant-in-service claim in this case?

A. Central and Metro originally included estimated June 30, 2023, plant balances in the Company's Application. In the update to the revenue requirement model provided in response to CURB-134, the estimated plant balances were updated with actual balances at June 30, 2023. Both Central and Metro then made adjustments to remove plant that is included in the transmission formula rates approved FERC (RB-82). Central made additional adjustments to remove plant associated with refurbishing the Topeka executive office at 800 South Kansas Avenue that had previously been disallowed (RB-20) and to remove plant associated with the Western Plains Wind Farm, which is currently being recovered through a levelized annual cost in base rates (RB-28/CS-28). Central also removed plant associated with the recently-purchased Persimmon Creek Wind Farm (RB-32), which the Company is seeking to include on a levelized basis in base rates in this case, similar to the treatment being afforded the Western Plains Wind Farm, and to include an additional 8% of the Jeffrey Energy Center as a regulated jurisdictional asset in base rates (RB-84).

Q. Are you recommending any adjustment to the Company's utility plant-in-service claim?

A. Yes, I am recommending two adjustments, relating to the Persimmon Creek Wind Farm and to the additional 8% Interest in JEC. Both of these adjustments relate to Central. Other than the allocation factor adjustments sponsored by Mr. Watkins, I am not recommending any adjustments to utility plant-in-service for Metro.

A. Persimmon Creek Wind Farm (RB-32, CS-32)

Q. Please describe the Company's request relating to the Persimmon Creek Wind Farm.

A. As discussed in the testimony of Jason Humphrey, Persimmon Creek is a 198.6 MW, 80 wind-turbine generation facility located in Oklahoma. The facility became operational in August 2018. The Company pursued purchase of the Persimmon Creek Wind Farm for its Metro system and sought a Certificate of Convenience and Necessity ("CCN") from the Missouri Public Service Commission ("MPSC"). The MPSC approved the CCN on April 6, 2023, but imposed certain conditions that the Company found objectionable. The Company subsequently revised its plans for Persimmon Creek and is now seeking authorization from the KCC to include it as a jurisdictional generation resource for Central. Moreover, Central is seeking the same ratemaking treatment for Persimmon Creek as was authorized for the Western Plains Wind Farm. Both the actual capital and operating costs of Persimmon Creek have been removed from the Company's revenue requirement and instead replaced with a levelized annual cost. In its Application, Central estimated a levelized energy cost of $28.03 per MWh.[3] In the update provided in response to CURB-134, Central included a levelized cost of $24.72 per MWh and a total levelized revenue requirement adjustment of $21.5 million.

3 Testimony of Jason Humphrey, page 15. Note that the levelized cost was not included as an adjustment in the revenue requirement model filed with the original Application but was included in the updates provided in response to CURB-134.

Q. Will the Company receive the benefit of Production Tax Credits ("PTCs") generated by Persimmon Creek?

A. The owner of Persimmon Creek will receive PTCs associated with generation during the first ten years of operation, which extends through July 2028. According to the Company's financial analysis, the availability of PTCs is a significant financial benefit and was a primary factor in Evergy's decision to acquire Persimmon Creek.

Q. Are there operational benefits associated with Persimmon Creek?

A. Kayla Messamore promotes ownership of Persimmon Creek on the basis that it will provide additional accredited capacity. However, since it is only projected to provide approximately 20 MW of accredited capacity, it will not have a significant impact on the Company's ability to meet its Southwest Power Pool ("SPP") overall reserve margin. In addition, the MPSC found that in 2022, "Persimmon Creek had negative LMPs in real-time and the day-ahead market 32% and 24% of the time, respectively."[4] This is because much of the energy produced by the wind farm will be produced during the overnight hours when demand and energy prices are low.

Q. Was the acquisition of Persimmon Creek the result of a competitive solicitation process?

4 Report and Order, MPSC File No. EA-2022-0328, page 15.

A. As discussed in Mr. Humphrey's testimony, Evergy did issue a Request for Proposal ("RFP") in October 2021 for wind generation resources that would be operational by the end of 2026. However, Evergy did not solicit PPAs as part of the October 2021 RFP. Instead, Evergy only solicited projects that the utility would own. Utilities have an incentive to own generation facilities on which they can earn a return, instead of procuring generation through PPAs or other market arrangements that result in no net profit for shareholders. Given its ownership of Persimmon Creek, shareholders can expect significant additional earnings if Central's proposal to include Persimmon Creek in base rates is approved by the KCC. These are earnings that shareholders would not receive through a PPA.

Q. Did the Company solicit PPAs as part of its 2023 All-Source RFP?

A. Yes, as described in the testimony of John Grace, the Company did solicit PPAs, and did receive a proposal for a PPA, as part of its most recent solicitation. Mr. Grace states that the per MWh cost of Persimmon Creek energy is competitive with the results of the most recent RFP, "once the PPA offer is adjusted to make it comparable to the ownership option of Persimmon Creek."[5] Mr. Grace then discusses two adjustments that he recommends be made to the PPA offer price – an off-balance sheet debt adder and a transmission basis risk adjustment.

5 Testimony of Mr. Grace, page 18.

Q. Do you believe that Mr. Grace's adjustments have merit?

A. No. There are many factors that impact a Company's capital structure and cost of capital at any given time. While the rating agencies may consider the financial impacts of a long-term PPA, that is only one factor in the overall rating that is ultimately awarded. Moreover, Mr. Grace's analysis assumes that a very precise capital structure adjustment would be necessary in this case to offset the PPA. While many factors are considered by the rating agencies, many factors are also considered by regulatory commissions when determining an appropriate capital structure for a regulated utility.

Moreover, Mr. Grace's transmission risk adjustment is based on certain assumptions and inputs that may or may not be realized. In addition, Mr. Grace ignores the risk of utility ownership, should the wind facility experience operational difficulties. While the facility may have a good operational track record to date, there is no guarantee that operational difficulties will not arise in the future.

Finally, Mr. Grace's analysis is based on financial adjustments to a PPA offer price that resulted from the 2023 RFP. As acknowledged by the Company, a PPA was not solicited in the October 2021 RFP. Therefore, the Company does not know what energy price it could have obtained through a PPA if that option had been included in its earlier solicitation.

Q. What concerns did the MPSC express in its Order approving the CCN for Persimmon Creek?

A. In its Report and Order in File No. EA-2022-0328, which was provided in response to CURB-51, the MPSC found that Persimmon Creek was "likely to be economically feasible to the ratepayers through the expiration of the PTCs (after ten years of operation) provided that the tax credit benefits of the PTCs are tracked from the time Persimmon Creek is purchased until it can be included in rate base."[6] However, the MPSC also found that "once the PTCs expire a substantial risk remains that the captive ratepayers will bear the cost of a generating resource that does not produce energy when the customers actually need it and may be an uneconomic means of adding accredited capacity or hedging market energy costs."[7]

Because of these concerns, the MPSC approved the CCN for Persimmon Creek but required the Company to track costs and benefits of owning and operating Persimmon Creek. Moreover, the MPSC stated that Persimmon Creek costs that exceed the market revenues and ratepayer-realized tax benefits would be shared equally between ratepayers and shareholders. The MPSC Order was issued a few weeks before Evergy filed its Kansas Application in this case. In its Application and testimony, Central stated that it had now decided to utilize Persimmon Creek for its Kansas customers but did not yet have the opportunity to update its schedules to reflect this change. However, its proposed ratemaking

6 Report and Order, MPSC File No. EA-20222-0328, page 31-32.
7 Id., page 32.

treatment for Persimmon Creek was included in the update provided in response to CURB-134.

Q. Given the Company's failure to include a PPA option in the 2021 RFP and given the concerns expressed by the MPSC, what do you recommend?

A. I recommend that the KCC deny the Company's request to include the costs of the Persimmon Creek Wind Farm in base rates through a levelized annual adjustment. Instead, I recommend that the KCC treat the acquisition of energy from the Persimmon Creek Wind Farm similar to a PPA. In that case, ratepayers would only pay for the amount of energy that is actually produced by the generating facility.

Q. What rate do you recommend the KCC authorize for energy generated by the Persimmon Creek Wind Farm?

A. I recommend that the KCC authorize a rate of **BEGIN CONFIDENTIAL** ***[redacted]*****END CONFIDENTIAL** per MWh, which is the PPA offer price in the most recent solicitation.

Q. How is your recommendation regarding Persimmon Creek reflected in the revenue requirement model?

A. In the update to its revenue requirement model provided in response to CURB-134, Central removed all rate base balances and expenses associated with Persimmon Creek through various adjustments, and then added back the levelized annual cost of Persimmon Creek in CS-32. Since I am recommending that Persimmon Creek be eliminated from base rates entirely, the only additional adjustment that I needed to make was to eliminate CS-32.

B. <u>Jeffrey Energy Center 8% Interest (RB-84, CS-84)</u>

Q. Please describe the Company's proposal in this case relating to the Jeffrey Energy Center.

A. As described in the testimony of Kayla Messamore, Central (formerly Westar) currently owns an undivided 8% interest in JEC that is not in rate base. This capacity was previously leased to Central through a sale and leaseback arrangement. When the lease for the 8% interest expired, Central extended the lease for seven months and ultimately acquired the 8% JEC capacity for $3.7 million. In Docket No. 19-WSEE-355-TAR, Central filed an application seeking recovery of costs associated with the seven-month lease and sought approval for ultimate ownership of the 8% capacity.

The Company's request was denied by the KCC. In its Order, the KCC stated that the Company "has failed to meet its burden of showing that its new lease and purchase agreement was a prudent decision for its retail customers."[8] The KCC went on to state that the Company "shall not recover the new lease expense, NFOM [non-fuel operating and maintenance] costs (both NFOM costs in the regulatory asset and future NFOM costs), future

8 Order in Docket No. 19-WSEE-355-TAR, September 12, 2019, page 31.

capital expenditures or fuel costs for the 8% interest in JEC from customers."[9] In lieu of including the 8% interest in jurisdictional rates, the Company was permitted to retain any wholesale sales that were directly attributable to the 8% interest.

In its Application in this case, Central is again requesting the inclusion of the 8% JEC interest in base rates. It is also seeking authorization to flow any capacity revenues and energy margins through the RECA.

Q. Does Central have a current need for this capacity?

A. No, according to Ms. Messamore's testimony, there are current and projected agreements to sell this capacity at least through May 2025, with an option to extend to May 2026. Central estimates that capacity revenues and energy margins will be sufficient to offset the revenue requirement associated with the 8% JEC interest until 2026.

Q. What factors are driving the need for this capacity in 2026?

A. According to Ms. Messamore's testimony at page 4, "Economic development is driving the need for more near-term capacity. Most specifically and urgently, Panasonic is building a large, new plant in EKC's service territory." The load from Panasonic is expected to be roughly double the size of Central's current largest customer. Panasonic's demand is expected to be **BEGIN CONFIDENTIAL*****[redacted]*****END CONFIDENTIAL** MWs by 2026. Other factors impacting capacity requirements include an increase in SPP's required

9 Id.

reserve margin from 12% to 15% and a new accreditation methodology that SPP is expected to phase in from 2025 through 2028.

Q. Did the Company update the capacity requirements included in Ms. Messamore's testimony to reflect its 2023 Integrated Resource Plan ("IRP"), filed in June 2023?

A. Yes, subsequent to the filing of testimony in this case, the Company filed its 2023 IRP. As shown in the response to KCC-448, the updated filing indicates that Central is expected to have sufficient capacity through 2025, even if the Persimmon Creek accredited capacity is eliminated.

Q. Did Central include any revenues associated with Panasonic in its filing in this case?

A. No, it did not. However, the Company is seeking permission in this case to file an abbreviated rate case within 12 months of the rate effective date resulting from this case to address three issues – the Panasonic distribution investment, a Wolf Creek decommissioning trust adjustment, and investment in a new renewable generating resource to address 2024-2026 resource requirements. Given the statutory deadline of January 4, 2024, for the resolution of this case, the Company would be required to file an abbreviated case by January 4, 2025, with new rates effective within 240 days of filing.

Q. What are you recommending regarding the 8% interest in JEC that Central seeks to include in rate base in this case?

A. I recommend that the Commission deny recovery of the 8% interest in this case, but re-examine the issue as part of the abbreviated case. Since the need for additional capacity is closely linked to the future Panasonic facility, which will be addressed in the abbreviated case, my recommendation will allow the KCC to examine the need for this additional capacity in concert with other issues involving Panasonic. Delaying a final decision on the 8% interest in JEC will also allow the KCC to evaluate this request together with other resource options addressed in the Company's recent IRP. It will also provide time for the Company to complete its examination of the 2023 RFP solicitation and to develop a comprehensive future capacity proposal that can take these results into account. Accordingly, I recommend that resolution of the Company's request to move the JEC 8% interest into rate base be examined as part of the abbreviated rate case, when more complete information will be available to the KCC.

Q. What adjustments have you made to the revenue requirement model to reflect your recommendation regarding the 8% interest in JEC?

A. I have removed all rate base, revenue and operating income impacts associated with the 8% JEC interest from the revenue requirement model provided in the response to CURB-134. Therefore, the revenue increase that I recommend for Central in Exhibit ACC-2 does not include any costs associated with the 8% interest in JEC.

C. Materials and Supplies Inventory (RB-72)

Q. How did Central and Metro develop the material and supplies inventory claim included in each Company's rate base?

A. As described on page 15 of Linda Nunn's testimony, Central and Metro "reviewed the individual materials and supplies category balances during the period September 2021 through September 2022 to determine if there was a discernable trend, either upward or downward. If there was a trend, the test-year-end balance was not adjusted. Otherwise, a 13-month average was used." The Company subsequently updated its material and supplies claims at June 30, 2023, based on the same methodology.

Q. Are you recommending any adjustment to the claims for materials and supplies reflected in the updated Central and Metro revenue requirement models provided in response to CURB-134?

A. Yes, I am recommending that a 13-month average balance be used instead of the hybrid approach proposed by Central and Metro. Materials and supplies balances generally fluctuate from month-to-month. Moreover, it is not uncommon for inventory to increase as a utility approaches the summer months, especially if energy sales peak in the summer. By utilizing only one month of inventory balances, a utility ignores the relationship between inventory and fluctuating seasonal sales. Most utilities utilize a 13-month average balance for materials and supplies, and I recommend that a 13-month average balance for both Central and Metro be adopted in this case. My adjustment reduces the Central balance by approximately $8.2 million and reduces the Metro balance by approximately $1.0 million (total Company). These reductions are adjusted further in the model to reflect an allocation of materials and supplies inventory to transmission formula rates in both Central and Metro, and to allocate the Metro balance between Kansas and Missouri based on Mr. Watkins' proposed allocations. In addition, my materials and supplies inventory balance excludes inventory associated with Central's proposed 8% interest in JEC.

D. <u>Fuel Inventory (RB-72)</u>

Q. What types of fuel inventory are included in the Company's rate base claim?

A. For both Central and Metro, there are three principal categories of fuel inventory: coal, oil, and nuclear. In addition, both Central and Metro maintain small inventory balances of various additives such as lime/limestone, ammonia, and powder-activated carbon.

Q. How did Central and Metro develop their fuel inventory claims in this case?

A. For the most part, the coal and oil inventory balances claimed for Central and Metro are based on a computer simulation software program, the Utility Fuel Inventory Model ("UFIM"). As described by Jessica Tucker on page 8 of her testimony, this model calculates the optimum volume of inventory to maintain based on several factors including uncertainties in fuel requirements and deliveries, the likelihood and severity of disruptions, changes in fuel and power prices, and the cost of carrying inventory. The UFIM then produces a range of recommended inventory levels.

On page 14 of her testimony, Ms. Tucker states "The Company's coal inventory targets are at the upper end of the ranges established under UFIM….". With regard to oil inventories, Central and Metro utilized a UFIM analysis that was developed to determine inventory levels as of May 31, 2021. The coal and oil inventory levels developed by the UFIM were then priced at estimated June 30, 2023, unit rates, which were updated to actual June 30, 2023 costs in the response to CURB-134.

Nuclear fuel balances are based on an 18-month average balance. An 18-month period is utilized because Wolf Creek, which is jointly owned by Central and Metro, has an 18-month refueling cycle.

Inventory levels of fuel additives were primarily derived from a 12-month average of inventory volumes, priced at actual June 30, 2023, unit rates.

Q. Are you recommending any adjustments to the fuel inventory balances included in the Central and Metro rate base claims?

A. Except for the allocation factor adjustment discussed previously in Metro, I am not recommending any adjustment to the claims for nuclear fuel inventory or fuel additive inventories. However, I am recommending adjustments in both Central and Metro to the proposed inventory balances for coal and oil inventories.

Q. Please describe your recommended adjustment to the coal and oil inventory amounts claimed by the Company.

A. Instead of using a computer modeling simulation, which is based on assumptions and inputs that may be subjective and that may never materialize, I recommend that the KCC utilize an actual 13-month average of coal and oil inventory volumes, priced at the June 30, 2023, unit rates. My recommendation removes the subjectivity inherent in the Company's proposal. In addition, the Company acknowledged that the coal inventory model was based on the high end of the UFIM range and that the oil inventory model was based on a run conducted over two years ago. The use of the actual 13-month average volumes is an objective measure that reflects the actual operations of the two utilities over the year ending June 30, 2023. Accordingly, I made adjustments in both Central and Metro to reflect coal and oil inventories based on 13-month average volumes through June 30, 2023. I have not made any adjustment to the June 30, 2023, per unit rates for coal and oil reflected in the Company's update. Fuel inventories associated with the 8% interest in JEC were removed in my analysis.

E. <u>Regulatory Asset – Pension and OPEB Funding (RB-61)</u>

Q. Please briefly explain how a company's annual pension and OPEB costs and fund contributions are determined.

A. Annual pension and OPEB costs are determined by an actuarial calculation pursuant to GAAP, which is based on numerous factors including employee demographics, assumptions regarding the average age and length of service for retirees, current and future salary and wage levels, inflation, interest rates, expected return on assets, and other factors. This methodology is determined by the Financial Accounting Standards Board ("FASB"), which is responsible for issuing the accounting standards required under GAAP.

The amount that must be contributed to a pension fund each year is determined by requirements established pursuant to the Employee Retirement and Income Act ("ERISA") and subsequent legislation such as the Pension Protection Act. In addition, the Internal Revenue Service ("IRS") has limitations on the maximum amount of pension contributions that are tax deductible in any given year. Companies have significant discretion to fund contributions between the minimum amount required and the maximum amount that is tax deductible. This range can be quite broad, in some cases as much as hundreds of millions of dollars.

Q. Please briefly discuss how the KCC developed the current ratemaking treatment for recovery of pension and OPEB costs.

A. On March 29, 2007, the KCC initiated Docket No. 07-GIMX-1041-GIV, which was a general investigation opened in response to a request filed in an earlier docket by several Kansas utilities seeking multiple accounting authority orders ("AAOs") relating to pension and OPEB costs. Among other requests, the utilities sought a mechanism to track differences between the pension and OPEB expenses recorded on their financial statements pursuant to Generally Accepted Accounting Principles ("GAAP") and the amounts recognized in rates. In addition, the utilities sought authorization to recognize for ratemaking purposes any contributions to the pension and OPEB retirement funds in excess of expenses recorded in their annual financial statements.

The KCC Staff issued its Report and Recommendation on October 18, 2009. In that report, Staff recommended that the KCC authorize the utilities to establish a tracking and true-up mechanism for the difference between the pension and OPEBs expenses reflected in rates and the amounts booked pursuant to GAAP. However, Staff also recommended that the KCC deny the utilities' request for ratemaking treatment for the difference between actual pension and OPEB fund contributions and the pension and OPEB costs recorded under GAAP.

The parties, including CURB, engaged in numerous settlement discussions regarding these issues. I participated in those discussions on behalf of CURB. While CURB had serious concerns about supporting any tracking and true-up mechanism for pension and OPEB costs, we had particular concerns about permitting a regulatory asset for contributions in excess of amounts recognized in the Company's financial statements.

Q. Did the parties subsequently enter into a stipulation in Docket 07-1041?

A. Yes, they did. Several parties, including Central, filed a Stipulation and Agreement ("S&A") on January 10, 2010. In that S&A, the Staff and CURB agreed that Central could establish a tracking and true-up mechanism ("Tracker 1") to account for differences between the amounts collected in rates and each year's pension and OBEP expenses pursuant to GAAP. These differences would be recorded in a regulatory asset or liability and amortized in rates on a straight-line basis with each base rate case. The parties also agreed that Tracker 1 balances would not be included in rate base and would not be subject to carrying costs.

The parties also agreed to establish a Tracker 2 to account for differences between contributions to pension/OPEB funds and the pension/OPEB costs incurred pursuant to GAAP. Central represented that this Tracker 2 was important to their auditors but agreed not to include Tracker 2 in rate base. In this case, Central is seeking to change the terms of the S&A and is requesting authorization to include pension and OPEB Tracker 2 balances in rate base. According to the testimony of Ronald Klote at page 47, the Tracker 2 pension balances for both Central and Metro and the Tracker 2 OPEB balance for Metro are all negligible and these balances have not been included in rate base in this filing. Mr. Klote went on to note that “these balances are expected to increase significantly over the next 10 years…thus warranting rate base treatment.” Central has included a Tracker 2 balance of $5,505,742 in rate base relating to OPEB funding.

Q. Why was CURB so opposed to the inclusion of Tracker 2 balances in rate base?

A. As discussed in CURB’s comments filed in Docket 07-1041, utilities have significant discretion in determining the annual contributions to retirement trust funds. Funding decisions can be influenced by many factors that have no direct relationship to regulated cost of service, such as tax considerations and the availability of alternative investments. Staff expressed similar concerns in its Report and Recommendations filed March 18, 2009, noting:

> The utilities have discretion as to the annual contributions to the retirement trust funds. The utilities' discretion could be used to manipulate the timing of contributions to achieve maximum return in conjunction with the timing of rate cases. Furthermore, the timing and amount of contribution to the retirement trust fund is a corporate financial decision. This decision is influenced by factors such as tax considerations and the availability of alternative investments that are unrelated to how the pension obligation is incurred. Managers, in the area of pension funding, may use accounting information along with other factors to make financial decisions. Staff feels that utilities may decide to change their funding policies based in part on this accounting information.

If the Company's proposal is accepted during periods of low interest rates a utility could borrow funds to make excess retirement fund contributions and then earn a windfall by including the excess contributions in rate base, thereby earning its weighted average cost of capital on the borrowed funds. It is unreasonable to permit a utility's discretionary funding decisions to impact the rates paid by regulated ratepayers.

Q. What is the Company's rationale for requesting a change in the conditions specified in the S&A?

A. The Company claims that recent interest rate increases will result in retirement fund contributions that significantly exceed the pension expense reflected pursuant to GAAP. Although the Company previously agreed not to include Tracker 2 costs in rates, it is now seeking to transfer the responsibility of retirement trust funding from the Company to ratepayers on the basis that increases in interest rates that occurred in 2022 constitute a "material change" under the provisions of the S&A. Evergy now anticipates that actual cash contributions will exceed pension expense by over $300 million by 2032. While the

Company currently has a relatively small Tracker 2 balance (approximately $5.5 million in Central), it is attempting to change the provisions of the Docket 07-1041 S&A now so that it can recover millions of dollars in additional costs from ratepayers as the Tracker 2 balances grow. Moreover, in response to KCC-211, the Company acknowledged that there is no limit as to how high the balance in Tracker 2 can grow. In that response, the Company also acknowledged the discretion that management has to contribute amounts above the minimum requirement, stating that "the Evergy Companies' pension plan funding policy is to contribute amounts sufficient to meet the ERISA funding requirements and MPSC and KCC rate orders plus additional amounts as considered appropriate."[10] (emphasis added). Presumably, it would be up to Evergy management to determine the "additional amounts as considered appropriate."

Q. Do you believe that rising interest rates constitute a material change under the S&A?

A. No. While it may be difficult to accurately predict a specific change in interest rates, all parties to the S&A should have expected that there would be changes in interest rates in subsequent years. While I acknowledge that some interest rates have increased rapidly, there is nothing unusual or unexpected about changes in interest rates. Moreover, it is interesting to note that as of August 17, 2023, the 30-year Treasury rate was 4.412% versus 4.623% on January 10, 2010, when the S&A was filed.

10 Response to KCC-211.

Q. What do you recommend?

A. I recommend that the Company's request to include a regulatory asset associated with Tracker 2 balances in rate base be denied. The Company's proposal will result in millions of dollars of increased cost to ratepayers, based on discretionary decisions made by Evergy management. The Company should not be permitted to change the terms of the S&A because of interest rate changes that, while unknown, should not have been unanticipated. The parties to the S&A negotiated in good faith, and it was CURB's understanding that Tracker 2 balances would not receive ratemaking treatment. Changes in interest rates do not constitute a material change that would allow the parties to the S&A to seek an alternative ratemaking treatment. Moreover, if the KCC approves the Company's request, Central and Metro ratepayers will be burdened with millions of dollars of additional costs in the future, costs that are incurred at the discretion of Evergy management. In addition, if the KCC approves this request, it is likely that other Kansas utilities that were signatories to the S&A or similar agreements may seek to overturn the terms of their agreements and will seek to also include regulatory assets related to Tracker 2 balances in rate base. For all these reasons, I recommend that the KCC deny the Company's request to include a Tracker 2 balance in Central's rate base, and instead uphold the terms of the S&A.

F. <u>Construction Work in Progress ("CWIP") (RB-21)</u>

Q. Please describe the CWIP balances included in rate base by Central and Metro.

A. CWIP is plant that is under construction but has not yet been completed and placed into service. Once the plant is completed and serving customers, it is booked to utility plant-in-service and the utility begins to take depreciation expense on the plant. The Central and Metro rate base claims include CWIP at June 30, 2023 that the Company claims will be completed and in-service by September 30, 2023.

K.S.A. 66-128 provides for the KCC to determine the value of the property included in rate base. The statute generally requires that "property of any public utility which has not been completed and dedicated to commercial service shall not be deemed to be used and required to be used in the public utility's service to the public."

However, the statute also provides that certain property "shall be deemed to be completed and dedicated to commercial service" under certain circumstances. Specifically, K.S.A. 66-128(b)(2) provides:

> Any public utility property described in subsection (b)(1) shall be deemed to be completed and dedicated to commercial service if: (A) construction of the property will be commenced and completed in one year or less; (B) the property is an electric generation facility that converts wind, solar, biomass, landfill gas or any other renewable source of energy: (C) the property is an electric generation facility or addition to an electric generation facility; or (D) the property is an electric transmission line, including all towers, poles and other necessary appurtenances to such lines, which will be connected to an electric generation facility.

Q. How did the Company calculate the proposed CWIP balances that are included in rate base for the Central and Metro systems?

A. For each system, the Company began with its June 30, 2023, CWIP balance. The Company then eliminated costs for projects that had been suspended or cancelled; eliminated costs for projects that had in-service dates prior to the June 30, 2023 true-up date or which were already in-service at June 30, 2023; and eliminated costs for projects with in-service dates after September 30, 2023. Finally, the Company eliminated transmission projects with in-service dates between July 1, 2023, and September 30, 2023. The remaining costs were included in rate base by Central and Metro.

Q. Are you recommending any adjustment to the CWIP balances included in rate base by Central or Metro?

A. I am not recommending any adjustment to the CWIP balance included by Metro. The Company provided updated workpapers supporting the updated CWIP claim reported in CURB-134. However, I am recommending an adjustment to the CWIP balance included by Central in its rate base claim.

Q. What is the basis for your adjustment?

A. I am unable to match the support provided by Central with the CWIP balance included in its updated rate base. The updated CWIP workpapers contain over 14,500 individual projects, including questionable CWIP items such as laptops and $46.56 in miscellaneous tools. There are over 800 items of less than $100 and there are over 200 entries of $0.01. Moreover, many of these projects have estimated in-service dates that are well before the

June 30, 2023, true-up date in this case. In fact, many of the estimated in-service dates shown in that workpaper contain estimated in-service dates that are well in the past, including several projects with estimated in-service dates of "1/0/1900." At a minimum, this calls into question the practices used by Central to record costs to CWIP. I have therefore not been able to verify Central's claim for over $87.61 million in CWIP – all of which Central claims will be completed and in-service by September 30, 2023.

Q. What do you recommend?

A. I recommend that the Commission limit Central's CWIP balance included in rate base to the projects shown in the updated workpaper as having estimated in-service dates between July 1, 2023 and September 30, 2023. In addition, I have excluded those projects with in-service dates between July 1, 2023, and September 30, 2023, that were cancelled or suspended; show completion prior to July 1, 2023; or relate to transmission projects consistent with the Company's proposed methodology. Based on these criteria, I have included approximately $32.44 million in CWIP in rate base in Central.

G. <u>Customer Advances (RB-71)</u>

Q. How were customer advances developed for the Central and Metro systems?

A. Customer advances are amounts provided by developers or customers in order to extend utility service to selected areas or properties. Since investors do not provide the funding for these assets, customer advances are generally treated as rate base deductions for ratemaking purposes. In Central, customer advances were developed based on a 13-month average balance. In Metro, the Company reflected an actual June 30, 2023 balance for customer advances.

Q. Are you recommending any adjustment to the Company's claims?

A. Yes, I am recommending an adjustment to customer advances in Metro. Specifically, I recommend that a 13-month average balance be used instead of the June 30, 2023 balance proposed by the Company. Although my recommendation will result in a reduction to customer advances, and therefore, an increase to the Company's rate base, I believe that a 13-month average balance is more representative of normal operating conditions than a static one-month balance. I also see no reason to use a different methodology to determine customer deposits in the Metro versus Central systems. For all these reasons, I recommend that the KCC adopt a 13-month average balance of customer deposits in Metro.

H. Additional Rate Base Adjustments

Q. Are there additional rate base adjustments being proposed by CURB?

A. In Metro, CURB's recommended rate base is impacted not only by specific rate base adjustments but also by the change in the demand allocator discussed by Mr. Watkins. His recommendation impacts not only rate base elements that are allocated between Kansas and Missouri on a demand basis, but it also impacts the allocation of rate base components that are allocated on a composite allocation factor that includes demand.

In addition, certain other rate base components, such as the deferred income tax reserve, are impacted by other adjustments. For example, in Central, the deferred income tax reserve is impacted by the removal of the 8% interest in JEC, which reduces the reserve. I also removed deferred income taxes associated with a COVID-19 deferral, as discussed later in this testimony. In Exhibit ACC-2, page 4 and Exhibit ACC-3, page 4, I have provided the deferred income tax reserve schedules that I used in calculating my revenue requirement. While I have attempted to incorporate all deferred income tax reserve impacts of my adjustments, the issue of deferred taxes is complex. If the Company believes that additional adjustments to the deferred income tax reserve are necessary, I will be happy to meet with them to address their concerns and reconcile any discrepancies.

I. <u>Summary of Rate Base Adjustments</u>

Q What is the net impact of the rate base adjustments recommended by CURB?

A. My rate base adjustments will result in a pro forma rate base of $6,015,098,524 for Central, as shown in Exhibit ACC-2, page 2, a reduction of $112,197,906 to the Company's updated rate base claim.

In Metro, CURB's adjustments will result in a pro forma jurisdictional rate base of $2,603,245,286, as shown in Exhibit ACC-3, page 2. This is a reduction of $68,012,436 from the Company's updated Metro rate base claim.

VIII. REVENUE AND EXPENSE ISSUES

Q. Are you recommending any adjustment to pro forma revenues in either Central or Metro?

A. Yes, I am recommending adjustments to forfeited discount/late payment fee revenue in both Central and Metro (R-21b). In Central, I am also recommending an adjustment to the amount of Corporate Owned Life Insurance ("COLI") revenue that Central has included in its filing (R-67). Finally, I am recommending an adjustment to remove a small amount of revenue ($12,857) related to the 8% interest in JEC (CS-84). Since I am recommending that the KCC deny Central's request to include the 8% interest in base rates, the associated JEC revenue should also be excluded.

A. Forfeited Discount and Late Payment Fee Revenues (R-21b)

Q. Please describe the claims made by Central and Metro relating to forfeited discount/late payment fee revenue.

A. Forfeited discounts, or late payment fees, were calculated as a percentage of revenue for both Central and Metro. As described in the testimony of Linda Nunn at page 20, the Company did not charge late payment fees during the COVID-19 pandemic. Therefore, forfeited discount rates were calculated separately for Central and Metro, based on a ratio of late payment fees to operating revenues in 2019. That percentage was then applied to applicable retail revenues for the 12 months ending June 30, 2023 to determine pro forma forfeited discount fees at present rates (R-21a). In addition, Central and Metro each reflected a second forfeited discount adjustment to include additional forfeited discounts/late payment fees associated with the revenue increases that they are requesting in this case (R-21b).

Q. Did you make any adjustment to the forfeited discount/late payment fee revenue included in the updated revenue requirement models for Central and Metro?

A. I did not make any adjustment to the forfeited discount/late payment fee rates proposed by Central or Metro, nor to each system's adjustment at present rates. However, I did update the forfeited discount/late payment fee adjustment related to the proposed revenue increases (R-21b) to reflect the overall revenue increases/decreases that I am recommending in this case. In Central, my adjustment reduced the Company's revenue adjustment by $234,750.[11] In Metro, my adjustment reduced the Company's revenue adjustment by $105,678.

B. <u>Corporate Owned Life Insurance Revenue (R-67)</u>

Q. Please provide a brief description of COLI revenue.

A. As described by John Grace on page 4 of his testimony, the COLI program was initiated by the former Kansas Gas and Electric Company ("KG&E") (now Evergy South, part of the Central system), to reduce the rate impact of bringing the Wolf Creek Nuclear Plant into rate base. The four elements of COLI are: (1) the purchase of life insurance for 82 key Company

11 See Exhibit ACC-2, page 6 and Exhibit ACC-3, page 7 for a comparison of my revenue and expense adjustments versus the adjustments proposed by Central and Metro respectively.

individuals, (2) the payment of policy premiums by KG&E, (3) the designation of KG&E as the beneficiary for all death benefits, and (4) the utilization of an actuarially estimated income stream from those benefits to reduce the jurisdictional cost of service paid by ratepayers. KG&E estimated that the COLI program would result in an income stream of $800 million for ratepayers when the COLI program was first proposed.

Q. How has Central treated COLI revenues in this case?

A. Central claims that its commitment to utilize the COLI revenue stream to offset utility rates will terminate on March 11, 2025. In order to avoid a significant revenue deficiency in 2025, Central proposes to amortize the total COLI benefit anticipated through March 11, 2025, over a four-year period beginning with the effective date of rates in this case. The COLI income stream, grossed-up for income taxes, is projected to be $57.775 million through March 11, 2025. Thus, the Company has included an adjustment of 25% of this amount, or $14.444 million, as a revenue offset to the Central system in this case.

Q. Why does Central contend that the income stream used to benefit its ratepayers will terminate at March 11, 2025?

A. Central contends that its obligation to utilize the COLI income stream to benefit its ratepayers was limited to 40 years from the initial licensing date of Wolf Creek. The 40-year period was the original period of the Nuclear Regulatory Commission ("NRC") operating license, and the ratemaking commitments associated with the COLI program were intended to match the service life of Wolf Creek. However, the Wolf Creek operating license was subsequently extended by the NRC for an additional 20 years. The current license expires in 2045.

Q. Will payments under COLI continue after March 11, 2025?

A. Yes, as acknowledged by Central in the response to CURB-48, the income stream will continue until the last policy is paid out.

Q. Is there some uncertainty regarding whether the COLI benefit to ratepayers was expected to terminate after 40 years?

A. Yes, I believe there is some uncertainty regarding whether the Commission intended to terminate the COLI payments after 40 years or intended to tie the payments to the service life of Wolf Creek. Regardless of whether the COLI payments were expected to be limited to 40 years or tied to the eventual operating license for Wolf Creek, the COLI program clearly provided an income stream for the benefit of ratepayers during the test year, and that income stream will continue at least during the first year of new rates in this case.

Q. Given the fact that the income stream will continue at least during the first year of new rates, what do you recommend?

A. I recommend that the KCC include the COLI income stream for the period ending June 30, 2023, in Central's pro forma revenue at present rates. The June 30, 2023, date is consistent with the true-up period used for other elements of the cost of service in this case. Therefore, I have included a revenue adjustment to reflect COLI revenue of $40,546,519 in Central. This represents 50% of the 2022 income stream plus 50% of the 2023 income stream per the Company's workpapers, grossed-up to a revenue basis. In the Company's next base rate case, the Commission will have the opportunity to reexamine the issue of COLI revenue in light of other revenue and expense changes that have occurred and determine at that time if COLI revenues should continue to be used to mitigate the impact of future rate increases.

C. <u>Bad Debt Expense (CS-20b)</u>

Q. How did the Company determine its bad debt expense claims for Central and Metro?

A. In is Application, Central and Metro first made an adjustment to reflect the test year provision for bad debt expense recorded by Evergy Central Receivables and Evergy Metro Receivables Company (CS-4). It calculated test year bad debt expense ratio based on write-offs from October 2021 through September 2022, and related weather-normalized retail revenue for the period April 2021 through March 2022. The Company then made an adjustment to apply this ratio to its weather-normalized pro forma test year revenue to determine pro forma bad debt expense at present rates (CS-20a). In addition, this bad debt ratio was also applied to the requested revenue increases in order to reflect additional bad debt expense on the proposed revenue increases (CS-20b). In the response to CURB-134, these adjustments were updated to reflect actual results through June 30, 2023, based on the same methodology as was used in the original Application.

Q. Are you recommending any adjustment to the bad debt expense for Central or Metro?

A. I am not recommending any adjustment to the updated pro forma bad debt expense at present rates. However, similar to my adjustment discussed above with regard to forfeited discounts, I have revised the Central and Metro bad debt expense claims at proposed rates (CS-20b) to reflect the revenue increases/decreases that I am recommending in this case. This results in a reduction to the Central bad debt expense claim of $556,888 and in a reduction to the Metro bad debt expense claim of $109,720.

D. <u>COVID-19 Deferrals (CS-29)</u>

Q. Please describe the Company's claims for recovery of COVID-19 deferrals in the Central and Metro systems.

A. In its June 30, 2023 update provided in response to CURB-134, the Company included $11,950,173 for Central and $2,379,060 for Metro relating to COVID-19 expense deferrals that it is proposing to amortize over 4 years in each system (CS-29). Following is a breakdown of the cost in each system as reported in the Company's updated workpapers:

($ Millions)	Central	Metro
Bad Debts	$5,400	($1,044)
Late Fees Waived	$8,195	$4,021
Other Expenses/(Savings)	($2,223)	($906)
Vaccine Incentives	$579	$307
Total	$11,950	$2,379

Q. Are you recommending any adjustment to the Company's COVID-19 deferral expense claims?

A. Yes, I am recommending that this deferral be excluded from the Company's revenue requirement in this case. A review of the deferred categories demonstrates that both Central and Metro actually experienced reduced expenses during the COVID-19 pandemic, even if one considers the COVID vaccine incentive payments. The COVID-19 deferral is being driven entirely by lost revenues from higher bad debt expense and foregone late payment fee revenue. However, the bad debt expenses and foregone late payment fee revenues are anticipated revenues that were not received – they are not actual out-of-pocket incremental expenses incurred by Central and Metro as a result of the pandemic. While Central and Metro were certainly permitted to include bad debt expense and late payment fees waived in their deferrals, the Companies have not demonstrated that they will incur financial hardship if these amounts are not recovered in rates.

Q. Was the Company guaranteed recovery of these costs as a condition of the AAO approving the deferral?

A. No, it is my understanding that the KCC authorized deferral of COVID-19 costs but did not guarantee recovery of such costs. Instead, recovery would be determined in a future base rate case. Therefore, neither Central nor Metro have a guaranteed right to recovery of these costs. In addition, as noted above, both Central and Metro saved more during the pandemic than they incurred in out-of-pocket COVID-19 expenses. Instead, the "costs" being claimed by the Companies relate largely to revenues that were not collected during the pandemic. However, neither Central nor Metro incurred any extraordinary out-of-pocket expenses that would warrant ratemaking treatment in this case. It also seems unreasonable to collect these foregone revenues from ratepayers, given the serious financial hardship that many ratepayers did experience during the pandemic. For all these reasons, I recommend that the Central and Metro claims for recovery of the COVID-19 expense deferrals be denied.

Moreover, since I am recommending that the KCC deny recovery of the entire COVID-19 deferral, there is no need to address the issue of vaccine incentive payments in detail. However, I note that the issue of vaccines unfortunately became a controversial and political issue during the pandemic. Given this controversy, I do not believe that COVID-19 vaccine incentive costs should be included in regulated utility rates in any case.

E. <u>Capacity Contract Expense (CS-31)</u>

Q. Please describe the capacity contract costs included in Adjustment CS-31 to the Central filing.

A. As described on page 27 of Linda Nunn's testimony, Central incurred costs relating to a short-term purchase of capacity, due to capacity lost as a result of a fire at JEC Unit 2. The capacity agreement covers a period of four months. Since capacity costs do not currently flow through the RECA, Central is seeking to recover the costs of the short-term purchase through base rates in this case. Central is proposing to amortize the total capacity costs of $3,818,271 over 4 years for an annual cost of $954,568.

Q. Is it appropriate to recover these costs from ratepayers?

A. No, it is not. According to the response to KCC-267, the first monthly cost under this contract was recorded in June, 2023. These short-term capacity costs were not incurred during the test year and will not be incurred prospectively. According to the response to KCC-267, there were no other short-term capacity purchases incurred by Central from January 1, 2018 through December 31, 2022. Therefore, these costs should be considered non-recurring costs and should be excluded from rate recovery in this case. I have made an adjustment to remove these costs in the updated revenue requirement model provided in response to CURB-134.

F. <u>Executive Severance Expenses (CS-50)</u>

Q. Does the Company's revenue requirement claim include any costs for executive severance?

A. Yes, it does. According to the response to KCC-542, Evergy incurred significant severance costs for officers and executives from 2020 - 2022 as part of a post-merger reorganization, including approximately $3.25 million that was accrued during the test year. I am recommending that these costs be eliminated from the Company's revenue requirement. It is inappropriate to charge ratepayers for these severance costs, all of which relate to senior vice president level executives. The average severance amount is approximately $171,000, and these severance payments were provided to executives that were already being well-paid for their services. In addition, the Companies are already being compensated for transition costs associated with the merger through a ten-year amortization of annualized transition costs authorized in the merger agreement in Docket No. 18-KCPE-095-MER. Since it is likely that these severance costs would not have been incurred in the absence of the merger, they can reasonably be categorized as transition costs for which the Company is already being compensated. Finally, these costs are not expected to reoccur prospectively, so they may also be properly excluded from regulated utility rates on the basis that the costs are non-recurring. For all these reasons, I recommend that these severance costs be excluded from the Central and Metro revenue requirements in this case.

Q. How did you quantify your adjustments in the Company's revenue requirement models?

A. My adjustments are based on the costs accrued from October 1, 2021 through September 30, 2022, as shown in the response to KCC-542. I have allocated these severance costs to Central and Metro, based on the allocation factors reflected in the Company's payroll workpapers. This resulted in approximately 85% of these severance costs being allocated to Central and Metro, with the remaining costs allocated to other business units. For ease of presentation, I have included my severance adjustment in CS-50, the Company's payroll adjustment, in Account 920. My severance adjustment is the only payroll adjustment that I am recommending in this case. In addition, I have included payroll taxes on these severance costs as an adjustment to CS-53 in the revenue requirement model.

G. <u>Injuries and Damages Expense (CS-71)</u>

Q. How did Central and Metro determine their claims for injuries and damages expense in this case?

A. Central and Metro both utilized a three-year average of injuries and damages expense to determine the pro forma expense to include in rates (CS-71). This adjustment was later updated to reflect a 3.75-year average, which included data through June 30, 2023.

In addition, Central currently has a reserve for injuries and damages so Central accrues costs to an injuries and damages reserve and actual payouts are charged against the reserve. According to the testimony of Ronald Klote at page 49, the Central injuries and damages reserve was substantially depleted by the end of the test year. Therefore, Central has included an additional adjustment to reflect a replenishment of the injuries and damages reserve over three years.

Metro is seeking to establish an injuries and damages reserve in this case. In addition to its adjustment to reflect a 3.75-year average of injuries and damages expense in rates, Metro is also seeking to fund an initial reserve over a three-year period.

Q. Are you recommending any adjustments to the Central and Metro claims for injuries and damages expense, or the requested funding of reserves?

A. I am not recommending any adjustment to Central's injuries and damages expense or reserve claims. Nor am I recommending any adjustment to Metro's request to fund a reserve over 3 years. However, I am recommending an adjustment to the 3.75-year average cost used in the Metro system to determine the normalized injuries and damages expense to include in rates.

Q. What is the basis for your adjustment?

A. The October 2019-September 2020 injuries and damages expense appears high relative to costs incurred in subsequent years. While the use of a multi-year average is to smooth fluctuations that occur from year-to-year, the October 2019 - September 2020 charges do not appear to represent normal annual fluctuations, as shown below:

October 2019 – September 2020	$5,299,718
October 2020 – September 2021	$2,619,329
October 2021 – September 2022	$3,144,944
October 2022 – June 2023	$2,991,287

I am recommending that Metro's pro forma injuries and damages expenses be based on a 2.75-year average, resulting in average costs of $3,183,839. This is a reduction of $564,234 from the Company's claim. I am not recommending any adjustment to the additional amount being requested to fund a new injuries and damages reserve. Therefore, in addition to my recommended pro forma annual expense allowance, Metro will also have an additional $1.3 million each year for reserve funding.

H. Storm Reserve Expense (CS-72)

Q. How did Central determine its claim for storm reserve costs?

A. Central currently has a storm reserve, which is currently being funded at $6,258,896 annually (CS-72). Central is requesting that the KCC continue this annual level of funding. Metro does not currently have a storm reserve but is requesting authorization to establish a storm reserve in this case based on the average of actual storm costs over the past three years. This would result in a storm a reserve of $1,565,633, which Metro is proposing to fund over one year.

Q. Are you recommending any adjustments to the storm reserves being requested by Central and Metro?

A. Yes, I am recommending adjustments to proposed storm reserve funding levels in both Central and Metro. Central is requesting that the current funding level be maintained, even though it has accumulated a very large reserve relative to annual storm costs. Actual storm costs over the past three years have averaged $2,469,156, significantly less than the annual reserve funding. According to the response to CURB-44, Central had a balance of $33.4 million in its storm reserve at the end of 2022. Given the actual storm costs over the past few years and the large balance in the storm reserve, I am recommending a reduction to the level of annual storm reserve funding being requested by Central. I am recommending that the KCC authorize annual reserve funding of $4,938,312. This represents twice the actual average storm costs incurred over the past three years. My recommendation will reduce the annual storm reserve funding in the Central system by $1,320,584.

Q. Please describe your recommended adjustment in Metro?

A. I am recommending a slightly longer period in which to build up the Metro reserve. Instead of including the entire reserve target of $1,565,633 in annual rates, I recommend that annual reserve funding be limited to $1 million, which would allow Metro to build its reserve over 19 months instead of 12 months. My recommendation would allow the Company to build an initial reserve but may prevent the build-up of an excessive reserve, as in Central. The KCC will have the opportunity to reassess the annual reserve funding level for Metro in the Company's next base rate case.

I. <u>Rate Case Expense (CS-80)</u>

Q. How did Central and Metro determine their rate case expense claims in this case?

A. Central's claim is based on projected costs of $2,273,211 for the current case, which it is proposing to amortize over 4 years, resulting in an annual amortization expense of $568,303. Metro is proposing to recover rate case costs of $2,359,379 over 4 years, or $589,845 annually. Therefore, the Company is seeking a combined total of $4,632,590 relating to the litigation of this case.

Q. What are the components of the Company's rate case expense claims?

A. The Company's rate case expense claims consist of the following:

	Central	Metro
Willis Towers Watson	$10,000	$20,000
Concentric	$175,000	$175,000
Brattle Group	$385,000	$385,000
Catalyst	$0	$35,000
Foster Associates	$228,455	$295,790
Burns McDonnell	$66,450	$57,450
Greg Greenwood	$60,000	$45,000
Morris Laing Law Firm	$325,000	$325,000
Staff and CURB Consultants	$750,000	$750,000
Other Costs and Contingency	$273,306	$271,139
Total	$2,273,211	$2,359,379

Q. How do these rate case cost claims compare with the actual costs incurred in the last several cases?

A. The claims made in this case for Central and Metro both far exceed the historic level of costs incurred. According to the response to CURB-79, rate case costs in the last two Central base rate case filings (excluding the abbreviated case) averaged $1,538,973. In Metro, the last two base rate cases (excluding the abbreviated case) averaged $844,214.

Q. Would you expect there to be economies of scale in this case given the fact that many features of this case are common to Central and Metro?

A. Yes, I would expect there to be economies of scale for all aspects of this case. Even though the Company filed separate depreciation studies and separate revenue requirements, many of the issues in this case are common to both Central and Metro. The Company filed a consolidated application and most Company witnesses address both systems. In addition, CURB and Staff are filing consolidated testimonies, albeit with two different revenue requirements. These cases are being heard within one docket and have a consolidated procedural schedule. Therefore, I would expect there to be cost savings relative to costs incurred for prior cases that were litigated individually prior to the merger.

Q. How much has the Company spent to date on each case?

A. According to the response to KCC-540, through July 2023 Central has incurred actual rate case costs of $1,391,553, and Metro has incurred actual costs of $1,423,930. On a consolidated basis, the Companies have already exceeded the average rate case costs incurred in their last two stand-alone cases.

Q. Are you recommending any adjustment to the Companies' rate case cost claims?

A. Yes, I am recommending that the KCC limit recovery of rate case costs to no greater than the amounts incurred through July 2023. These expenditures already exceed historic average costs, even though Central and Metro should have benefited from economies of scale in this case. I propose that my recommended pro forma rate case costs be amortized over 4 years, as requested by the Companies. In addition, should either Central and Metro file another full base rate case within 4 years, I recommend that the Company be prohibited from seeking recovery of any unamortized rate case costs relating to this case in the future.

Q. Do you have any additional comments regarding recovery of rate case costs?

A. Yes, on July 19, 2023, Kansas Industrial Customers ("KIC") filed a motion with a request to either limit the amount of rate case expense that Metro can pass through to ratepayers or dismiss the Metro portion of this docket. CURB filed comments in support of the KIC motion on July 28, 2023. It is my understanding that the KCC has not yet ruled on the motion. Given KIC's motion, and given the fact that CURB is recommending a rate reduction for Metro, it would not be unreasonable for the KCC to make a further reduction to Metro's rate case costs, given that Metro does not need a revenue increase at this time.

J. Transmission Allocation Expense (CS-82)

Q. Did you make an adjustment to the amount of transmission costs removed by Central and Metro in CS-82 to account for the impact of your other operating expense adjustments?

A. Yes, I did. The transmission-related costs that are excluded from the retail jurisdictional revenue requirement are based on various allocation factors. Since I am recommending adjustments to various operating expenses, it is necessary to also adjust the level of transmission costs that are being removed – otherwise the impact of my expense adjustments will be overstated.

Q. How did you quantify your transmission adjustments in CS-82?

A. The majority of my adjustments that impact the transmission allocation are Administrative and General ("A&G") adjustments. Therefore, I calculated the difference between the Company's A&G's adjustments as presented in the updated revenue requirement models provided in response to CURB-134, and the A&G adjustments reflecting my recommendations. I then allocated a portion of that difference to transmission, based on the composite allocation factors reflected by the Company. For ease of presentation, I reflected my transmission A&G adjustments in Account 920 of CS-82.

K. <u>Dues and Donations Expense (CS-92)</u>

Q. How did Central and Metro determine their membership and dues expense claims?

A. Central and Metro each included 100% of dues booked to Accounts 930231 and 930232 in their revenue requirement claims. In addition, they included 50% of dues booked to all other above-the-line accounts and 50% of all dues booked to below-the-line accounts. The Company did not include any claim for charitable contributions in its filing.

Q. Are you recommending any adjustments to the Company's claim for Membership and Dues Expenses?

A. Yes, I am recommending that 50% of dues booked to Accounts 930231 and 930232 also be eliminated from the Central and Metro revenue requirements. This is consistent with K.S.A. 66-101f(a), which states:

> The commission may adopt a policy of disallowing a percentage, not to exceed 50%, of utility dues, donations and contributions to charitable, civic and social organizations and entities, in addition to disallowing specific dues, donations, and contributions which are found unreasonable or inappropriate.

Therefore, in the Revenue Requirement Model, I have made an adjustment to eliminate 50% of all Membership and Dues Expenses from the Company's filing.

Q. Why do you believe that such an adjustment is appropriate?

A. As shown in the Company's workpapers, Central and Metro incurred membership dues for many organizations that are not necessarily involved in the provision of safe and adequate utility service and which do not directly benefit ratepayers. For example, many of the membership dues expenses were paid to chambers of commerce and other organizations that routinely participate in lobbying activities, which may not always benefit ratepayers. Other organizations, such as Rotary Clubs, may provide valuable services, but these services are not necessary to the provision of utility service and should not be funded by captive ratepayers. Given the list of organizations that are the recipients of Central and Metro membership dues, I believe it is appropriate to require a 50/50 sharing of these costs between ratepayers and shareholders. While there were dues paid to some organizations that are undoubtedly reasonable to recover from ratepayers in their entirety, there were also undoubtedly dues paid that should be entirely excluded from regulated rates. Given the number of individual payments made by Central and Metro, I believe it is efficient and reasonable to disallow 50% of all dues, consistent with the statute referenced above.

L. Common Use Billing Expense (CS-117)

Q. Please describe Central and Metro's Common Use billing adjustments (CS-117).

A. These adjustments represent an allocation of costs that are recorded on the books of one utility but which are used to serve multiple utilities. In the Common Use billing adjustments, Central and Metro first annualized September 2022 costs to reflect common assets used by Central and Metro, as well as common assets that were projected to be completed and in-service by June 30, 2023. The requested costs of capital were used to develop the rates of return that would be billed to each jurisdiction. This adjustment was updated for actual balances at June 30, 2023. in the response to CURB-134.

Q. Are you recommending any adjustment to the Common Use Billing Charges shown in CS-117?

A. Yes, I have made one adjustment to CS-117. In both Central and Metro, I have updated the Company's adjustment to reflect the cost of capital being recommended by CURB in this case, instead of the cost of capital being requested by Central and Metro. This results in an adjustment of ($107,779) for Central and $180,383 for Metro.

M. Depreciation Expense (CS-120)

Q. Did the Company propose new depreciation rates for the Central and Metro systems in this proceeding?

A. Yes, the Company provided a depreciation study for its Central and Metro systems sponsored by Dr. Ronald White. The rates proposed in the Central system are further segmented into separate rates for the North and South portions of the system, representing the former Westar and KG&E corporate entities. CURB witness David Garrett has reviewed Dr. White's study and is providing depreciation rate recommendations on behalf of CURB. I have updated the Central and Metro revenue requirement models to reflect the depreciation rates being proposed by Mr. Garrett.

In addition to reflecting the depreciation rates proposed by CURB, the depreciation expenses calculated by the revenue requirement models will also reflect any adjustments to plant balances (e.g., my recommendation to exclude the 8% JEC interest (RB-84) from rate base and the Company's other proposed plant-in-service adjustments). The depreciation expense calculated by the model (CS-120) is incorporated in the development of the Net Income Available at present rates, which is shown in Exhibit ACC-2, page 1 and Exhibit ACC-3, page 1 for Central and Metro respectively.

N. <u>Income Tax Expense (CS-125)</u>

Q. Did the revenue requirement model update the income tax expense to reflect the adjustments that you are recommending in Central and Metro?

A. Yes, adjustment CS-125 reflects the income tax impact of the other adjustments included in the revenue requirement model. In calculating the income tax impact, the model recalculates the interest expense deduction based on the rate base and weighted cost of debt that CURB is recommending. The income tax expense is then used to develop the net operating income available to the Company at present rates. On the summary Revenue Requirement – Schedule 1 tab, the resulting Net Income Available is compared with the Net Operating Income Requirement to determine the operating income deficiency or surplus (Exhibit ACC-2, page 1 for Central and Exhibit ACC-3, page 1 for Metro).

Q. What revenue multiplier are you recommending in this case?

A. The operating income deficiency or surplus is grossed-up by the factor of 1.2658, which reflects the federal income tax rate of 21%. This is the same revenue multiplier proposed by Central and Metro.

O. <u>Off-System Sales From Storm Uri (CS-139)</u>

Q. Please describe Metro's adjustment relating to off-system sales during the 2021 Winter Storm Uri.

A. In the Metro system, the Company is seeking recovery of a regulatory asset that tracked excess off-system sales margins that Metro states was allocated to Kansas ratepayers during Winter Storm Uri. As discussed on page 64 of Ronald Klote's testimony, Metro alleges that Kansas ratepayers owe the Company approximately $4.7 million because different jurisdictional allocators resulted in an excess refund of off-system sales margins to Kansas customers. Metro is seeking a two-year recovery for these amounts.

Q. What do you recommend?

A. I am recommending that recovery of this regulatory asset be denied. As discussed by Mr. Watkins in his testimony, Kansas has adopted jurisdictional allocators that the KCC found to be appropriate. Costs charged to Kansas customers should not be dependent upon allocation factors approved by other state regulatory commissions that may differ from those authorized by the KCC. The fact that different allocators may result in some costs remaining unrecovered or in some other imbalance to a multi-jurisdictional utility is unfortunate but it should not fall to Kansas ratepayers to make up the difference. Kansas ratepayers have suffered significant hardship already as a result of Winter Storm Uri, and it is unreasonable to burden them with an additional $4.7 million due to differences in jurisdictional allocators. Therefore, I have eliminated the Winter Storm Uri off-system sales adjustment from my recommended revenue requirement for Metro.

IX. REVENUE REQUIREMENT SUMMARY

Q. What is the result of the recommendations contained in your testimony?

A. CURB's adjustments indicate a base revenue deficiency for Central of $166,344,627 or approximately 12.7%. In Metro, CURB's adjustments indicate a base revenue surplus of $23,915,290, resulting in a base revenue reduction of approximately 4.2%. These amounts do not include the impact of changes in rate riders that may further reduce the overall bill impacts, such as reductions in the RECA or PTS.

Q. Do you have any additional comments?

A. Yes, as noted earlier, Central and Metro are requesting that the KCC authorize the Company to file an abbreviated rate case within 12 months of a Final Order in this case to address several issues including Panasonic distribution investment, a Wolf Creek decommissioning trust adjustment, and investment in a new renewable generating resource to address 2024-2026 resource requirements. I recommend that the KCC authorize the Company to file this abbreviated case for Central and Metro. In addition, as discussed earlier, I recommend that consideration of the issue of the 8% interest in JEC be deferred to the proposed abbreviated case.

X. RESIDENTIAL BATTERY ENERGY STORAGE ("RBES") PILOT PROGRAM

Q. Please describe the RBES pilot program that Evergy is proposing.

A. Evergy is proposing to install up to 100 battery storage systems at residential sites across the Company's Kansas service territories. Evergy states that the pilot program would provide "knowledge of how battery energy storage systems can be utilized to achieve customer savings and grid benefits."[12] The power would "allow customers to coordinate their battery systems' discharge and recharge cycles to manage TOU or Demand rate billing charges."[13]

Evergy is proposing that Central and Metro would own and operate the battery storage systems through 2026. At the end of 2026, customers would have the following

12 Testimony of Kimberly Winslow, page 20.
13 Id., page 23.

options: (1) taking ownership of the batteries but allowing the Company access to dispatch the battery over the remaining useful life (estimated at 10 years), (2) purchasing the battery at the depreciated value with no further obligation to the Company, or (3) requesting removal of the battery. The cost to the customer during the pilot program would be $10 per month.

Q. What is the estimated cost for the pilot program?

A. The estimated capital cost for the pilot program is $2.5 million. In addition, the Company estimates an additional cost of $125,000 for Evaluation, Measurement and Verification ("EM&V"). Evergy has entered into a contract with Sunverge Energy, Inc. to supply batteries and to provide extensive support in a similar pilot program in Missouri consisting of 50 residential customers. There are no costs associated with the pilot program included in the Company's revenue requirement in this case.

Q. Does CURB support the proposed RBES pilot program?

A. CURB is not opposed to the program or the proposed $10 per month service fee. However, I recommend that any costs of the pilot program that are not recovered in the $10 monthly service fee be paid for by Evergy shareholders. Evergy has not justified the approximately $26,500 cost per customer estimated for the initial pilot. In addition, I note that Evergy Ventures, Inc., unregulated affiliate of Central and Metro, is an investor in Sunverge. Therefore, there are conflicts of interests by having regulated ratepayers pay for this pilot program, which could significantly benefit Sunverge and Evergy Ventures in the long term.

Accordingly, if the KCC approves the pilot program, I recommend that all costs of the pilot be borne by shareholders.

Q. Does this conclude your testimony?

A. Yes, it does.

VERIFICATION

STATE OF FLORIDA)
) ss:
COUNTY OF BROWARD)

Andrea C. Crane, President of The Columbia Group, Inc., upon being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing Direct Testimony of Andrea C. Crane, and that the statements made therein are true and correct to the best of her knowledge, information and belief.

SIGNED this 29th day of August, 2023.

Andrea C. Crane
ANDREA C. CRANE

SUBSCRIBED AND SWORN TO before me by Andrea C. Crane on this 29th day of August, 2023.

Elizabeth Jacobs
NOTARY PUBLIC IN AND FOR THE STATE OF FLORIDA

My Commission Expires: 5/5/27

ELIZABETH JACOBS
Notary Public-State of Florida
Commission # HH 356235
My Commission Expires
May 05, 2027

SUPPORTING EXHIBITS

EXHIBIT ACC-1
EXHIBIT ACC-2
EXHIBIT ACC-3

The Columbia Group, Inc., Testimonies of Andrea C. Crane

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Evergy Kansas Central Evergy Kansas Metro	E	Kansas	23-EKCE-775-RTS	9/23	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	22-00270-UT	6/23	Revenue Requirements	Office of Attorney General
Southwestern Public Service Company	E	New Mexico	22-00286-UT	4/23	Revenue Requirements	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	22-00058-UT	1/23	Grid Modernization Program	Office of Attorney General
Atmos Energy Company	G	Kansas	23-ATMG-359-RTS	1/23	Revenue Requirements	Citizens' Utility Ratepayer Board
South Jersey Industries, Inc. and Boardwalk Merger Sub	G	New Jersey	GM22040270	10/22	Merger Transaction	Division of Rate Counsel
Southwestern Public Service Company	E	New Mexico	22-00178-UT	10/22	Grid Modernization Program	Office of Attorney General
Jemez Mountains Electric Cooperative	E	New Mexico	21-00318-UT	9/22	Revenue Requirement and Rate Design	Office of Attorney General
Avista Utilities	E/G	Washington	UE-220053/UG-220054	7/22	PBR Metrics and PIMs	Public Counsel Unit
Puget Sound Energy	E/G	Washington	UE-220066/UG-220067	7/22	Revenue Requirements and PBR Proposal	Public Counsel Unit
New Mexico Gas Company	G	New Mexico	21-00267-UT	5/22	Testimony in Support of Stipulation	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	19-00018-UT	4/22	Securitization Issues Regarding San Juan	Office of Attorney General
El Paso Electric Company	E	New Mexico	21-00269-UT	4/22	Grid Modernization Program	Office of Attorney General
Empire District Electric Company	E	Kansas	21-EPDE-444-RTS	1/22	Abbreviated Rate Case	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	E	New Mexico	21-00148-UT	10/21	Grid Modernization Program	Office of Attorney General
Black Hills/Kansas Gas Utility Company	G	Kansas	21-BHCG-418-RTS	9/21	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	21-00083-UT	8/21	Decertification of 114 MW of Palo Verde	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	21-00017-UT	7/21	Abandonment of Four Corners Power Plant	Office of Attorney General
Evergy Kansas Metro Evergy Kansas Central	E	Kansas	21-EKME-320-TAR	6/21	Electric Vehicle Program	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	E	New Mexico	20-00238-UT	5/21	Revenue Requirements	Office of Attorney General
Avista Utilities	E/G	Washington	UE-200900/UG-200901	4/21	Revenue Requirements	Public Counsel Unit
Public Service Company of New Mexico / Avangrid	E	New Mexico	20-00222-UT	4/21	Merger Transaction	Office of Attorney General
PSEG Nuclear and Exelon Generation Company	E	New Jersey	ER20080557-559	1/21	Nuclear Subsidies	Division of Rate Counsel
Utilities, Inc. of Florida	W/WW	Florida	20200139-WS	11/20	Revenue Requirements	Office of Public Counsel
El Paso Electric Company	E	New Mexico	20-00104-UT	10/20	Revenue Requirements	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	20-00121-UT	9/20	Regulatory Disincentive Mechanism	Office of Attorney General

The Columbia Group, Inc., Testimonies of Andrea C. Crane

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Peoples Gas System	G	Florida	20200051-GU	9/20	Revenue Requirements	Office of Public Counsel
New Mexico Gas Company	G	New Mexico	19-00317-UT	7/20	Revenue Requirements	Office of Attorney General
El Paso Electric Company	E	New Mexico	19-00317-UT	4/20	CCN For Newman Unit 6	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	19-00195-UT	12/19	Replacement Resources for SJGS Units 1 and 4	Office of Attorney General
Southwestern Public Service Company	E	New Mexico	19-00170-UT	11/19	Revenue Requirements	Office of Attorney General
Atmos Energy Company	G	Kansas	19-ATMG-525-RTS	10/19	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	19-00018-UT	10/19	Abandonment of SJGS and Stranded Cost Recovery	Office of Attorney General
Rockland Electric Company	E	New Jersey	ER19050552	10/19	Revenue Requirements	Division of Rate Counsel
Avista Corporation	E/G	Washington	UE-190334/UG-190335	10/19	Revenue Requirements	Public Counsel Unit
Westar Energy, Inc.	E	Kansas	19-WSEE-355-TAR	6/19	JEC Capacity Purchase	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	19-EPDE-223-RTS	5/19	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E/G	New Jersey	EO18060629/ G018060630	3/19	Energy Strong II Program	Division of Rate Counsel
Southwestern Public Service Company	E	New Mexico	18-00308-UT	2/19	Voluntary Renewable Energy Program	Office of Attorney General
Zero Emission Certificate Program (Various Applicants)	E	New Jersey	EO18080899	1/19	Zero Emission Certificates Subsidy	Division of Rate Counsel
Public Service Company of New Mexico	E	New Mexico	18-00043-UT	12/18	Removal of Energy Efficiency Disincentives	Office of Attorney General
Kansas Gas Service	G	Kansas	18-KGSG-560-RTS	10/18	Revenue Requirements	Citizens' Utility Ratepayer Board
New Mexico Gas Company	G	New Mexico	18-00038-UT	9/18	Testimony in Support of Stipulation	Office of Attorney General
Kansas City Power and Light Company	E	Kansas	18-KCPE-480-RTS	9/18	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E/G	New Jersey	ER18010029/ GR18010030	8/18	Revenue Requirements	Division of Rate Counsel

Evergy
2023 RATE CASE - KS Central - TRUE-UP
TY 9/30/22; True-Up 6/30/23

Exhibit ACC-2
Page 1

Revenue Requirement - Schedule 1

Line No.	Description	Amount
1	Net Orig Cost of Rate Base (Sch 2)	$ 6,015,098,534
2	Rate of Return	6.8608%
3	Net Operating Income Requirement	412,683,880
4	Net Income Available (Sch 9)	281,279,236
5	Additional NOIBT Needed	131,404,645
6	Additional Current Tax Required	34,929,983
7	Gross Revenue Requirement	**$ 166,334,627**

Schedule numbers refer to schedules in the updated Revenue Requirement Model provided in response to CURB-134, as adjusted by CURB.

CURB Revenue Requirement - CENTRAL
Rate Base - Sch 2

Evergy **Exhibit ACC-2**
2023 RATE CASE - KS Central - TRUE-UP **Page 2**
TY 9/30/22; True-Up 6/30/23

Rate Base - Schedule 2

Line No.	Line Description		CURB	Company	Adjustment
	A		B	C	D
1	***Total Plant :***				
2	Total Plant in Service - Schedule 3		$11,096,364,112	$11,115,018,820	($18,654,708)
3	***Subtract from Total Plant:***				
4	Depreciation Reserve - Schedule 6		4,124,474,813	4,125,138,336	-663,523
5	**Net (Plant in Service)**		$ 6,971,889,298	$ 6,989,880,484	$ (17,991,186)
6	***Add to Net Plant:***				
7	Materials and Supplies - Schedule 12	Sch 12	236,428,111	248,354,830	(11,926,719)
8	Prepayments - Schedule 12	Sch 12	14,138,848	14,142,633	(3,785)
9	Fuel Inventory - Oil - Schedule 12	Sch 12	12,729,425	12,709,113	20,312
10	Fuel Inventory - Coal - Schedule 12	Sch 12	73,975,236	102,063,983	(28,088,747)
11	Fuel Inventory - Additives - Schedule 12	Sch 12	2,773,637	3,018,232	(244,595)
12	Fuel Inventory - Nuclear - Schedule 12	Sch 12	79,794,189	79,794,189	0
13	Regulatory Asset - LaCynge AAO	RB-27	7,377,818	7,377,818	0
14	Regulatory Asset - Diff in Depr Rates	RB-26	6,339,846	6,339,846	0
15	Regulatory Asset - Pensions	RB 65	0	0	0
16	Regulatory Asset - OPEB	RB-61	0	5,505,742	(5,505,742)
17	CWIP	RB-21	32,443,911	87,617,988	(55,174,077)
18	***Subtract from Net Plant:***				
19	Cust Advances for Construction	RB-71	5,496,839	5,496,839	0
20	Customer Deposits	RB-70	5,494,370	5,494,370	0
21	ILOC Deposits	RB-69	2,696,880	2,696,880	0
22	Deferred Income Taxes - Schedule 13		1,354,299,044	1,361,015,677	(6,716,633)
23	Regulatory Liability - Aquila Consent Fee	RB-24	1,776,516	1,776,516	0
24	Cost Free - Acct 242 Accrued Vacation - Sch 14	RB-68	8,251,177	8,251,177	0
25	Cost Free - Acct 228 Operating Reserves - Sch 14	RB-79	42,236,945	42,236,945	0
26	Cost Free - Acct 254 State Line WGEN PPA - Sch 14	RB-81	2,540,015	2,540,015	0
27	**Total Rate Base**		**$ 6,015,098,534**	**$ 6,127,296,440**	**$ (112,197,906)**

Schedule and adjustment numbers refer to the updated Revenue Requirement Model provided in response to CURB-134, as adjusted by CURB.

Shading indicates direct adjustments made by CURB. Other differences relate to the flow-though of CURB adjustments.

CURB Revenue Requirement - CENTRAL
Working Capital - Sch 12

Evergy
2023 RATE CASE - KS Central - TRUE-UP
TY 9/30/22; True-Up 6/30/23

Exhibit ACC-2
Page 3

Working Capital - Schedule 12

Line No.	Account No.	Description	Direct/Update	RB-84 JEC 8%	RB-82 TDC Adj	Adjusted Balance
	A	B	C	D	E	F
1	151	**FUEL INVENTORY - RB-74**				
2		Coal	73,975,236			73,975,236
3		Oil	12,729,425			12,729,425
4		Lime/Linestone	412,827			412,827
5		Ammonia	407,327			407,327
6		Powder Activated Carbon & Respond	1,953,483			1,953,483
7		FOSSIL FUELS	89,478,298	0	0	89,478,298
8						
9	120	**NUCLEAR FUEL IN REACTOR - RB-75**				
10		Fuel w/o MO Gross AFUDC	306,714,861			306,714,861
11		Less Accum Prov for Amort	(226,920,672)			(226,920,672)
12		TOTAL NUCLEAR FUEL IN REACTOR	79,794,189	0	0	79,794,189
13						
14		**TOTAL FUEL INVENTORY**	169,272,487	0	0	169,272,487
15						
16	154 & 163	**MATERIALS & SUPPLIES - RB-72**				
17		Fossil Generation Related M&S	138,076,885		0	138,076,885
18		Wolf Creek Related M&S	(1,216,933)		0	(1,216,933)
19		T&D Related M&S	50,634,175		207,600	50,841,775
20		Wind Generation Related M&S	42,078,397		0	42,078,397
21		Miscellaneous Other	6,647,987		0	6,647,987
22		**TOTAL MATERIALS & SUPPLIES**	236,220,511	0	207,600	236,428,111
23						
24	165	**PREPAYMENTS - RB-50 (excl GRT)**				
25		GRT Taxes	0		0	0
26		General Insurance	4,705,622		(1,074,854)	3,630,768
27		Postage	146,520		(33,468)	113,052
28		Other	11,431,934		(2,612,136)	8,819,798
29		Wolf Creek General Insurance	2,041,561		(466,331)	1,575,230
30		**TOTAL PREPAYMENTS**	18,325,637	0	(4,186,789)	14,138,848
31						
32		**WORKING CAPITAL**	423,818,635	0	(3,979,189)	419,839,446

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Accumulated Deferred Income Tax Reserves - Schedule 13

LINE NO.	Account No.	Line Description	RB-125 Direct/Update KS ADIT Balance	RB-82 TDC Adjustment	Adjusted Balance	Juris Factor #	Juris Allocator	Juris Adjusted Balance
	A	B	E	E	E	F	G	H
1	190	**ACCT 190 ACCUM DEFERRED TAX**						
2		Misc		0	0	PTD	44.9050%	0
3		Net Operating Loss	(58,125,189)	2,762,690	(55,362,499)	PTD	44.9050%	(24,860,525)
4		Vacation & Other Salaries & Wages Alloc		0	0	Sal&Wg	45.4223%	0
5		Advertising		0	0	100% MO	0.0000%	0
6		Nuclear Fuel		0	0	E1	43.3081%	0
7		**TOTAL ACCT 190**	(58,125,189)	2,762,690	(55,362,499)			(24,860,525)
8								
9	282	**LIBERALIZED DEPRECIATION**						
10		Method/Life Depreciation - Non Wolf Creek	936,597,118	(44,516,461)	892,080,657	D1	45.6781%	407,485,495
11		Method/Life Depreciation - Wolf Creek	127,449,441	0	127,449,441	D1	45.6781%	58,216,483
12		Nuclear Fuel	(577,370)	0	(577,370)	E1	43.3081%	(250,048)
13		Other DIT Adj for Post June 2023 Method/Life	(2,079,111)	98,820	(1,980,290)	D1	45.6781%	(904,559)
14		**TOTAL LIBERALIZED DEPRECIATION**	1,061,390,079	(44,417,641)	1,016,972,438			464,547,371
15								
16		**ACCUM DIT ON BASIS DIFFERENCES**						
17		Gross AFUDC - Wolf Creek Construction	1,867,379	0	1,867,379	100% MO	0.0000%	0
18		AFUDC Debt/Cap Int - W/O Fuel & Wolf Creek Constr	(11,077,681)	526,522	(10,551,159)	D1	45.6781%	(4,819,569)
19		AFUDC Debt - Nuclear Fuel	135,562	0	135,562	E1	43.3081%	58,709
20		Contributions in Aid of Construction	(32,356,237)	0	(32,356,237)	D1	45.6781%	(14,779,714)
21		Repair Allowance	18,660,199	(886,919)	17,773,280	D1	45.6781%	8,118,496
22		Repair Expense - Wolf Creek	28,673,221	0	28,673,221	D1	45.6781%	13,097,382
23		Repair Expense - Production	101,333,712	0	101,333,712	D1	45.6781%	46,287,314
24		Pensions Capitalized - Assigned		0	0	100% KS	100.0000%	0
25		Pensions Capitalized - Allocated		0	0	D1	45.6781%	0
26		Payroll Tax Capitalized - Assigned		0	0	100% KS	100.0000%	0
27		Payroll Tax Capitalized - Allocated			0	D1	45.6781%	0
28		Prop Tax Capitalized - Assigned - MO		0	0	100% MO	0.0000%	0
29		Prop Tax Capitalized - Allocated	612,479	(29,111)	583,368	D1	45.6781%	266,471
30		Health & Welfare Capitalized		0	0	D1	45.6781%	0
31		Kansas Rate Change - Property	227,606,405		227,606,405	D1	45.6781%	103,966,281
32		Montrose Retirement EDIT Deferred	3,426,300		3,426,300	D1	45.6781%	1,565,069
33		June - Dec 2018 EDIT Amort Deferred	8,946,099		8,946,099	D1	45.6781%	4,086,408
34		Other Miscellaneous	51,828,944	(2,463,430)	49,365,514	D1	45.6781%	22,549,229
35		**TOTAL ACCUM DIT ON BASIS DIFFERENCES**	399,656,380	(2,852,938)	396,803,442			180,396,077
36								
37		**TOTAL ACCT 282**	1,461,046,458	(47,270,579)	1,413,775,879			644,943,448
38								
39	283	**MISC DEFERRED INCOME TAX (RATEBASE ITEMS)**						
40		Prior Years Depr ADJ & Other Total Plant	(1,190,461)	56,583	(1,133,878)	D1	45.6781%	(517,934)
41		Refueling Outage & Other items with E1 Allocator	1,575,198	0	1,575,198	E1	43.3081%	682,188
42		Postretirement Benefits & Other Salaries & Wages	(1,838,649)	37,104	(1,801,545)	Sal&Wg	45.4223%	(818,304)
43		Customer Demand Prog & Other 100% MO	0	0	0	100% MO	0.0000%	0
44		Customer Demand Prog & Other 100% KS	2,565,347	0	2,565,347	100% KS	100.0000%	2,565,347
45		**TOTAL ACCT 283**	1,111,435	93,687	1,205,121			1,911,298
46								
47								
48		**TOTAL ACCUMULATED DEFERRED TAXES**	1,404,032,704	(44,414,202)	1,359,618,502			621,994,220

Schedule and adjustment numbers refer to the updated Revenue Requirement Model provided in response to CURB-134, as adjusted by CURB.

Shading indicates direct adjustments made by CURB. Other differences relate to the flow-through of CURB adjustments.

CURB Revenue Requirement - CENTRAL
Cap Structure

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2023 RATE CASE - KS Central - TRUE-UP
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Exhibit ACC-2
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Capital Structure

Line No.	Description	Percent	Required Return	Weighted Return
	A	B	C	D
1	Long-Term Debt	48.7600%	**4.3500%**	2.1211%
2	Common Equity	51.2400%	**9.2500%**	4.7397%
		100.000%		**6.8608%**

Sources:
Shading represents recommendations of Dr. Woolridge, Exhibit JRW-1.

SUMMARY OF CURB REVENUE AND EXPENSE ADJUSTMENTS - CENTRAL

		CURB	Central	Difference
	Revenue Adjustments:			
1	Forfeited Discounts (R-21b)	317,661	552,411	(234,750)
2	COLI Revenue (R-67)	40,546,519	14,443,671	26,102,848
3	JEC 8% Interest (CS-84)	0	12,857	(12,857)
4	Revenue Adjustments Versus Company			$25,855,241
	Expense Adjustments:			
5	Bad Debt Expense (CS-20b)	$753,139	$1,310,027	($556,888)
6	COVID Deferral (CS-29)	0	2,987,543	(2,987,543)
7	Capacity Contract (CS-31)	0	954,568	(954,568)
8	Persimmon Creek (CS-32)	0	21,504,713	(21,504,713)
9	Payroll (Severance) (CS-50)	(7,910,914)	(6,333,659)	(1,577,255)
10	Payroll Taxes (Severance) (CS-53)	(1,673,449)	(1,552,789)	(120,660)
11	Storm Reserve (CS-72)	(1,320,584)	0	(1,320,584)
12	Rate Case Expense (CS-80)	(52,099)	168,316	(220,415)
13	Transmission Allocation (CS-82)	(387,804,827)	(387,996,814)	191,987
14	JEC 8% Interest (CS-84)	0	6,144,633	(6,144,633)
15	Dues/Donations (CS-92)	(1,083,094)	(565,530)	(517,564)
16	Common Use Billing (CS-117)	5,244,052	5,351,831	(107,779)
17	Depreciation (CS-120)	(34,306,533)	(28,304,391)	(6,002,142)
18	Income Taxes (CS-125)	(45,484,488)	(59,789,668)	14,305,180
19	Expense Adjustments Versus Company			($27,517,577)

Reflects adjustments per Detail of Rev Adj. - Sch 10a, and Detail of COS Adj. - Schedule 10a, in the updated Revenue Requirement Model provided in response to CURB-134, as adjusted by CURB.

Evergy
2023 RATE CASE - KS METRO - TRUE-UP
TY 9/30/22; True-Up 6/30/23

Exhibit ACC-3
Page 1

Revenue Requirement - Schedule 1

Line No.	Description	Amount
1	Net Orig Cost of Rate Base (Sch 2)	$ 2,603,245,286
2	Rate of Return	6.7656%
3	Net Operating Income Requirement	176,125,163
4	Net Income Available (Sch 9)	195,018,283
5	Additional NOIBT Needed	(18,893,120)
6	Additional Current Tax Required	(5,022,169)
7	Gross Revenue Requirement	**$ (23,915,290)**

Schedule numbers refer to schedules in the updated Revenue Requirement Model provided in response to CURB-134, as adjusted by CURB.

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2023 RATE CASE - KS METRO - TRUE-UP
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Exhibit ACC-3
Page 2

Rate Base - Schedule 2

Line No.	Line Description	CURB	Juris Factor #	Juris Allocator	CURB Electric Retail Rate Base	Company	Adjustment
	A	B	C	D	E	F	G
1	***Total Plant :***						
2	Total Plant in Service - Schedule 3	$11,709,156,445	Various	See Sch 3	$ 5,266,772,465	$5,417,776,465	$ (151,004,000)
3	***Subtract from Total Plant:***						
4	Depreciation Reserve - Schedule 6	4,723,518,388	Various	See Sch 6	2,178,280,434	2,243,508,415	(65,227,981)
5	**Net (Plant in Service)**	$ 6,985,638,058			$ 3,088,492,031	$3,174,268,050	$ (85,776,019)
6	***Add to Net Plant:***						
7	Materials and Supplies - Schedule 12	155,584,198	Blended	See Sch 12	70,592,910	73,867,877	(3,274,967)
8	Prepayments - Schedule 12	17,901,536	Blended	See Sch 12	8,139,694	8,472,678	(332,984)
9	Fuel Inventory - Oil - Schedule 12	14,941,133	Blended	See Sch 12	6,470,721	6,590,158	(119,437)
10	Fuel Inventory - Coal - Schedule 12	42,959,698	Blended	See Sch 12	18,605,029	24,966,069	(6,361,040)
11	Fuel Inventory - Additives - Schedule 12	921,596	Blended	See Sch 12	399,126	399,126	(0)
12	Fuel Inventory - Nuclear - Schedule 12	80,860,242	Blended	See Sch 12	35,019,034	35,019,034	0
13	Regulatory Asset - Iatan 1 and Com-KS	2,574,722	100% KS	100.000%	2,574,722	2,574,722	(0)
14	Regulatory Asset - La Cygne Environ-KS	2,040,427	100% KS	100.000%	2,040,427	2,040,427	0
15	CWIP	29,107,414	PTD	44.905%	13,070,682	13,464,350	(393,668)
16	***Subtract from Net Plant:***						
17	Cust Advances for Construction-KS	828,859	100% KS	100.000%	828,859	939,150	(110,291)
18	Customer Deposits-KS	726,598	100% KS	100.000%	726,598	726,598	0
19	Deferred Income Taxes - Schedule 13	1,359,618,502	Blended	See Sch 13	621,994,220	650,044,489	(28,050,269)
20	Def Gain on SO2 Emissions Allowances-KS	15,810,094	100% KS	100.000%	15,810,094	15,810,094	0
21	Def Gain (Loss) Emissions Allow-Allocated	47,721	E1	43.308%	20,667	20,667	0
22	Cost Free - Acct 242 - Accrued Vacation - Sch 14	6,117,372	Sal&Wg	45.422%	2,778,652	2,863,771	(85,119)
23	Cost Free - Acct 228 - Operating Reserves - Sch 14	0	Sal&Wg	45.422%	-	-	0
24	**Total Rate Base**	$ 5,949,379,878			$ 2,603,245,286	$2,671,257,722	$ (68,012,436)

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2023 RATE CASE - KS METRO - TRUE-UP
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Working Capital - Schedule 12

Line No.	Account No.	Description	Direct/Upd Balance	RB-82 TDC Adjustment	Adjusted Balance	Juris Factor #	Juris Allocator	Juris Adjusted Balance
	A	B			E	F	G	H
1	151	**FUEL INVENTORY - RB-74**						
2		Coal	42,959,698		42,959,698	E1	43.3081%	18,605,029
3		Oil	14,941,133		14,941,133	E1	43.3081%	6,470,721
4		Lime/Linestone	614,984		614,984	E1	43.3081%	266,338
5		Ammonia	162,086		162,086	E1	43.3081%	70,197
6		Powder Activated Carbon & Respond	144,526		144,526	E1	43.3081%	62,592
7		FOSSIL FUELS	58,822,427	0	58,822,427			25,474,876
8								
9	120	**NUCLEAR FUEL IN REACTOR - RB-75**						
10		Fuel w/o MO Gross AFUDC	308,629,565		308,629,565	E1	43.3081%	133,661,601
11		Less Accum Prov for Amort	(227,769,323)		(227,769,323)	E1	43.3081%	(98,642,566)
12		TOTAL NUCLEAR FUEL IN REACTOR	80,860,242	0	80,860,242			35,019,034
13								
14		**TOTAL FUEL INVENTORY**	139,682,669	0	139,682,669			**60,493,910**
15								
16	154 & 163	**MATERIALS & SUPPLIES - RB-72**						
17		Fossil Generation Related M&S	49,180,800	0	49,180,800	D1	45.6781%	22,464,855
18		Wolf Creek Related M&S	44,649,636	0	44,649,636	D1	45.6781%	20,395,105
19		T&D Related M&S - MO	1,938,287	0	1,938,287	100% MO	0.0000%	0
20		T&D Related M&S - KS	1,905,214	(332,900)	1,572,314	100% KS	100.0000%	1,572,314
21		T&D Related M&S - ALLOCATED	69,548,282	(12,152,255)	57,396,027	PTD	44.9050%	25,773,681
22		Wind Generation Related M&S	847,134	0	847,134	D1	45.6781%	386,955
23		Miscellaneous Other	0	0	0	PTD	44.9050%	0
24		**TOTAL MATERIALS & SUPPLIES**	168,069,353	(12,485,155)	155,584,198			**70,592,910**
25								
26	165	**PREPAYMENTS - RB-50 (excl GRT)**						
27		GRT Taxes	0	0	0	100% MO	0.0000%	0
28		General Insurance	4,883,096	(98,541)	4,784,555	PTD	44.9050%	2,148,504
29		Postage	(18,006)	363	(17,643)	C1	47.9313%	(8,456)
30		Other	11,294,090	(227,915)	11,066,175	D1	45.6781%	5,054,819
31		Wolf Creek General Insurance	2,111,049	(42,601)	2,068,448	D1	45.6781%	944,828
32		**TOTAL PREPAYMENTS**	18,270,229	(368,693)	17,901,536			**8,139,694**
33								
34		**WORKING CAPITAL**	326,022,252	(12,853,848)	313,168,403			**139,226,514**

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2023 RATE CASE - KS METRO - TRUE-UP
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Accumulated Deferred Income Tax Reserves - Schedule 13

LINE NO.	Account No.	Line Description	RB-125 Direct/Update KS ADIT Balance	RB-82 TDC Adjustment	Adjusted Balance	Juris Factor #	Juris Allocator	Juris Adjusted Balance
	A	B	E	E	E	F	G	H
1	190	**ACCT 190 ACCUM DEFERRED TAX**						
2		Misc		0	0	PTD	44.9050%	0
3		Net Operating Loss	(58,125,189)	2,762,690	(55,362,499)	PTD	44.9050%	(24,860,525)
4		Vacation & Other Salaries & Wages Alloc		0	0	Sal&Wg	45.4223%	0
5		Advertising		0	0	100% MO	0.0000%	0
6		Nuclear Fuel		0	0	E1	43.3081%	0
7		**TOTAL ACCT 190**	(58,125,189)	2,762,690	(55,362,499)			(24,860,525)
8								
9	282	**LIBERALIZED DEPRECIATION**						
10		Method/Life Depreciation - Non Wolf Creek	936,597,118	(44,516,461)	892,080,657	D1	45.6781%	407,485,495
11		Method/Life Depreciation - Wolf Creek	127,449,441	0	127,449,441	D1	45.6781%	58,216,483
12		Nuclear Fuel	(577,370)	0	(577,370)	E1	43.3081%	(250,048)
13		Other DIT Adj for Post June 2023 Method/Life	(2,079,111)	98,820	(1,980,290)	D1	45.6781%	(904,559)
14		**TOTAL LIBERALIZED DEPRECIATION**	1,061,390,079	(44,417,641)	1,016,972,438			464,547,371
15								
16		**ACCUM DIT ON BASIS DIFFERENCES**						
17		Gross AFUDC - Wolf Creek Construction	1,867,379	0	1,867,379	100% MO	0.0000%	0
18		AFUDC Debt/Cap Int - W/O Fuel & Wolf Creek Constr	(11,077,681)	526,522	(10,551,159)	D1	45.6781%	(4,819,569)
19		AFUDC Debt - Nuclear Fuel	135,562	0	135,562	E1	43.3081%	58,709
20		Contributions in Aid of Construction	(32,356,237)	0	(32,356,237)	D1	45.6781%	(14,779,714)
21		Repair Allowance	18,660,199	(886,919)	17,773,280	D1	45.6781%	8,118,496
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23		Repair Expense - Production	101,333,712	0	101,333,712	D1	45.6781%	46,287,314
24		Pensions Capitalized - Assigned		0	0	100% KS	100.0000%	0
25		Pensions Capitalized - Allocated		0	0	D1	45.6781%	0
26		Payroll Tax Capitalized - Assigned		0	0	100% KS	100.0000%	0
27		Payroll Tax Capitalized - Allocated			0	D1	45.6781%	0
28		Prop Tax Capitalized - Assigned - MO		0	0	100% MO	0.0000%	0
29		Prop Tax Capitalized - Allocated	612,479	(29,111)	583,368	D1	45.6781%	266,471
30		Health & Welfare Capitalized		0	0	D1	45.6781%	0
31		Kansas Rate Change - Property	227,606,405		227,606,405	D1	45.6781%	103,966,281
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43		Customer Demand Prog & Other 100% MO	0	0	0	100% MO	0.0000%	0
44		Customer Demand Prog & Other 100% KS	2,565,347	0	2,565,347	100% KS	100.0000%	2,565,347
45		**TOTAL ACCT 283**	1,111,435	93,687	1,205,121			1,911,298
46								
47								
48		**TOTAL ACCUMULATED DEFERRED TAXES**	1,404,032,704	(44,414,202)	1,359,618,502			621,994,220

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2023 RATE CASE - KS METRO - TRUE-UP
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Exhibit ACC-3
Page 5

Capital Structure

Line No.	Description	Percent	Required Return	Weighted Return
	A	B	C	D
1	Long-Term Debt	50.9100%	**4.3700%**	2.2248%
2	Common Equity	49.0900%	**9.2500%**	4.5408%
		100.0000%		**6.7656%**

Shading represents recommendations of Dr. Woolridge, Exhibit JRW-1.

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2023 RATE CASE - KS METRO - TRUE-UP
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Exhibit ACC-3
Page 6a

Rate Case Utility Allocation Factors

		Jurisdictional Allocators			
Jurisdiction Factors		**KS Retail**	**MO Retail**	**Non Juris / Wholesale**	**Total**
100% MO	Missouri Jurisdictional	0.0000 %	100.0000 %	0.0000 %	100.0000 %
100% KS	Kansas Jurisdictional	100.0000 %	0.0000 %	0.0000 %	100.0000 %
NonJur/Wh	Non Jurisdictional/Wholesale	0.0000 %	0.0000 %	100.0000 %	100.0000 %
D1	D1 - Demand (Capacity) Factor	45.6781 %	52.1254 %	0.1540 %	97.9575 %
E1	E1 - Energy Factor with Losses (E1)	43.3081 %	56.5379 %	0.1540 %	100.0000 %
C1	C1 - Customer - Elec (Retail only) (C1)	47.9313 %	52.0687 %	0.0000 %	100.0000 %
Blended Factors (See Calculation Below)		**KS**	**MO & Whsl**		
Sal&Wg	Sal & Wg - Salaries & Wages w/o A&G	45.4223 %	54.5777 %		100.0000 %
PTD	PTD - Prod/Trsm/Dist Plant (excl Gen)	44.9050 %	55.0950 %		100.0000 %
Dist Plt	Dist Plt - Weighted Situs Basis	43.4854 %	56.5146 %		100.0000 %
Elec Plt wo WC	Total Plant without Wolf Creek	44.8477 %	55.1523 %		100.0000 %
WC Plt	Wolf Creek Plant	45.6781 %	54.3219 %		100.0000 %
Situs Basis Plant used for Dist Depr Reserve		**KS Retail**	**MO Retail**	**Non Juris / Wholesale**	
360L	360 - Dist Land	55.7055 %	44.2945 %	0.0000 %	100.0000 %
360LR	360 - Dist Land Rights	40.3215 %	59.6785 %	0.0000 %	100.0000 %
361	361 - Dist Structures & Improvements	42.6062 %	57.3938 %	0.0000 %	100.0000 %
362	362 - Distr Station Equipment	33.9295 %	66.0705 %	0.0000 %	100.0000 %
362Com	362 - Distr Station Equip-Communication	43.1419 %	56.8581 %	0.0000 %	100.0000 %
363	363 - Distr Energy Storage Equipment	0.0000 %	100.0000 %	0.0000 %	100.0000 %
364	364 - Dist Poles, Towers & Fixtures	44.6392 %	55.3608 %	0.0000 %	100.0000 %
365	365 - Dist Overhead Conductor	40.8442 %	59.1558 %	0.0000 %	100.0000 %
366	366 - Dist Underground Circuits	42.9614 %	57.0386 %	0.0000 %	100.0000 %
367	367 - Dist Underground Conduct & Devices	47.4785 %	52.5215 %	0.0000 %	100.0000 %
368	368 - Dist Line Transformers	43.5747 %	56.4253 %	0.0000 %	100.0000 %
369	369 - Dist Services	45.0166 %	54.9834 %	0.0000 %	100.0000 %
370	370 - Dist Meters	43.9132 %	56.0868 %	0.0000 %	100.0000 %
370AMI	370 - Dist AMI Meters	49.6271 %	50.3729 %	0.0000 %	100.0000 %
371	371 - Dist Customer Premise Installations	35.2765 %	64.7235 %	0.0000 %	100.0000 %
371CCN	371 - Dist Electric Vehicle Charging Stations	42.6004 %	57.3996 %	0.0000 %	100.0000 %
373	373 - Dist Street Lights & Traffic Signals	47.7733 %	52.2267 %	0.0000 %	100.0000 %

Shading indicates direct adjustments made by CURB. Other differences relate to the flow-through of CURB adjustments.

Rate Case Utility Allocation Factors

Jurisdictional Allocators

Exhibit ACC-3
Page 6b

Calc of PTD Allocation Factor	Per Schedule 3 Total Adj Plant	KS Juris
Total Production Plant	6,498,959,558	2,965,490,094
Total Transmission Plant	123,320,559	56,330,488
Total Distribution Plant	3,387,357,001	1,473,006,095
Total Prod, Transm & Dist Plant	10,009,637,117	4,494,826,677
Total PTD Allocation Factor		44.9050 %

Calc of Elec Plt wo WC and WC Plt Allocation Factors	Per Schedule 3 Total Adj Plant	KS Juris	Juris Alloc
Total Plant	11,709,156,445	5,266,772,465	
Total Nuclear Production Plant	1,864,642,198	851,733,128	45.6781 %
Total Plant without Nuclear Plant	9,844,514,248	4,415,039,337	44.8477 %

Calculation of Salaries and Wages Allocation Factor Elec Oper & Mtce Labor	COSCLAS Test Year Labor	Factor	Juris Allocator	KS Juris
Production - Demand Related	69,623,703	D1	45.6781 %	31,802,785
Production - Energy Related Related	6,546,845	E1	43.3081 %	2,835,314
Transmission	2,887,314	D1	45.6781 %	1,318,870
Distribution	16,511,001	Dist Plt	43.4854 %	7,179,879
Customer Accounts	8,035,023	C1	47.9313 %	3,851,291
Customer Services	2,509,596	C1	47.9313 %	1,202,882
Sales	325,951	C1	47.9313 %	156,233
Subtotal Salaries & Wages W/O A&G	106,439,433		45.4223 %	48,347,253
Administrative & General	25,709,598	Sal&Wg	45.4223 %	11,677,894
TOTAL LABOR	132,149,031			60,025,147

Situs Distribution Allocation Factors	Total	Sch 3 Distrib Situs Missouri	Sch 3 Distrib Situs Kansas	Juris Allocators Missouri	Juris Allocators Kansas
36000 - Dist Land	8,753,400	3,877,276	4,876,125	44.2945 %	55.7055 %
36001 - Dist Land Rights	17,143,540	10,231,006	6,912,534	59.6785 %	40.3215 %
36100 - Dist Structures & Improvements	15,420,426	8,850,367	6,570,059	57.3938 %	42.6062 %
36200 - Distr Station Equipment	372,543,567	246,141,510	126,402,057	66.0705 %	33.9295 %
36203 - Distr Station Equip-Communication	4,461,673	2,536,822	1,924,851	56.8581 %	43.1419 %
36300 - Distr Energy Storage Equipment	2,413,035	2,413,035		100.0000 %	0.0000 %
36400 - Dist Poles, Towers & Fixtures	526,122,419	291,265,347	234,857,071	55.3608 %	44.6392 %
36500 - Dist Overhead Conductor	376,480,490	222,710,041	153,770,449	59.1558 %	40.8442 %
36600 - Dist Underground Circuits	432,097,587	246,462,281	185,635,307	57.0386 %	42.9614 %
36700 - Dist Underground Conduc & Devices	759,384,936	398,840,482	360,544,454	52.5215 %	47.4785 %
36800 - Dist Line Transformers	399,920,049	225,655,892	174,264,158	56.4253 %	43.5747 %
36900 - Dist Services	209,858,563	115,387,299	94,471,264	54.9834 %	45.0166 %
37000 - Dist Meters	56,462,129	31,667,825	24,794,304	56.0868 %	43.9132 %
37001 - Distr AMI Meters	139,724,707	70,383,349	69,341,357	50.3729 %	49.6271 %
37100 - Dist Customer Premise Installations	20,238,390	13,098,986	7,139,404	64.7235 %	35.2765 %
37101 - Dist Electric Vehicle Charging Stations	12,202,759	7,004,339	5,198,420	57.3996 %	42.6004 %
37300 - Dist Street Lights & Traffic Signals	34,129,330	17,824,629	16,304,701	52.2267 %	47.7733 %
Total by Jurisdiction	3,387,357,001	1,914,350,485	1,473,006,515		
Total Dist Plant - Weighted Situs	3,387,357,001	1,914,350,485	1,473,006,515	56.5146 %	43.4854 %

Shading indicates direct adjustments made by CURB. Other differences relate to the flow-through of CURB adjustments.

SUMMARY OF CURB REVENUE AND EXPENSE ADJUSTMENTS - METRO

		CURB	Metro	Difference
	Revenue Adjustments:			
1	Forfeited Discounts (R-21b)	(51,429)	54,249	(105,678)
	Expense Adjustments:			
2	Bad Debt Expense (CS-20b)	($53,389)	$56,331	($109,720)
3	COVID Deferral (CS-29)	0	594,765	(594,765)
4	Payroll (Severance) (CS-50)	(13,914,504)	(12,744,964)	(1,169,540)
5	Payroll Taxes (Severance) (CS-53)	(1,032,149)	(942,678)	(89,471)
6	Injuries and Damages (CS-71)	1,680,815	2,245,049	(564,234)
7	Storm Reserve (CS-72)	1,000,000	1,565,633	(565,633)
8	Rate Case Expense (CS-80)	229,528	463,390	(233,862)
9	Transmission Allocation (CS-82)	(68,330,642)	(68,383,210)	52,568
10	Dues/Donations (CS-92)	(870,196)	(419,583)	(450,613)
11	Common Use Billing (CS-117)	(13,167,570)	(13,347,953)	180,383
12	Depreciation (CS-120)	15,392,803	24,529,689	(9,136,886)
13	Income Taxes (CS-125)	(24,367,356)	(25,371,540)	1,004,184
14	Off System Sales - Uri (CS-139)	0	2,341,099	(2,341,099)
15	Expense Adjustments Versus Company			($14,018,688)

Reflects adjustments per Detail of Rev Adj. - Sch 10a, and Detail of COS Adj. - Schedule 10b,
in the updated Revenue Requirement Model provided in response to CURB-134, as adjusted by CURB.
Does not include the impact of recommended changes in jurisdictional allocators.

CERTIFICATE OF SERVICE

23-EKCE-775-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 29th day of August, 2023, to the following:

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* Denotes those receiving the Confidential Version

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