

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Evergy)
Metro, Inc., Evergy Kansas Central, Inc. and) Docket No. 20-EKME-454-ACT
Evergy Kansas South, Inc. for an)
Accounting Authority Order Allowing the)
Companies to Record and Preserve Costs)
Related to the COVID-19 Expenses)

CURB’S RESPONSE TO STAFF’S REPORT AND RECOMMENDATION

COMES NOW, the Citizens’ Utility Ratepayer Board (“CURB”) and submits its response to the Report and Recommendation filed by the Staff of the Kansas Corporation Commission (“Staff”) in the above-captioned docket on May 20, 2020.

I. Background

1. On May 6, 2020, the Evergy Metro, Inc. (Evergy Kansas Metro, formerly KCP&L), and Evergy Kansas Central, Inc., and Evergy Kansas South, Inc. (together as Evergy Kansas Central, formerly Westar) (collectively “Evergy”) filed a request for an Accounting Authority Order (AAO) to defer to a regulatory asset all incremental costs and lost revenues, plus carrying costs, as a result of the COVID-19 pandemic. Evergy also requested authorization to record carrying charges on the balance of these recorded amounts. Evergy proposed to file an annual report that details these costs and lost revenue incurred as a result of the pandemic. Evergy intends to request that the Commission make decisions on the recovery of these amounts through rates and the appropriate amortization period to do so in their next rate case.

2. On May 8, 2020, CURB filed its Petition to Intervene.¹ CURB explained that the rates paid and the services received by residential and small commercial ratepayers may be

¹ CURB Petition to Intervene and Motion for Protective Order and Discovery Order (May 8, 2020).

substantially affected by any Commission order or activity in this proceeding with respect to Evergy's request for authority to identify, track, document, accumulate in a proper and separate account or sub-account and defer their actual reasonable and prudently incurred costs and lost revenues related to the COVID-19 virus and subsequent treatment of those costs and lost revenue.

3. On May 19, 2020, the Commission issued an Order granting CURB's Petition to Intervene.²

4. On May 20, 2020, Staff filed its Report and Recommendation ("Staff's R&R" or "R&R").³ Staff supports Evergy's request for Commission approval of an AAO to track increased costs and reduced revenues from the COVID-19 pandemic.⁴ Staff recognizes the extraordinary circumstances that Evergy is facing in this new environment, particularly the unique financial effects that this pandemic has created. Staff concludes that allowing Evergy to defer the financial effects of COVID-19 into a regulatory asset is in the public interest because it will assist Evergy in maintaining access to low cost debt and equity capital.⁵

5. Staff's R&R also recommends that as a condition to approving the AAO, Evergy should submit significant ongoing reporting throughout the COVID-19 pandemic to the Commission. This data will be used to determine future action to provide customer protections or ensure the financial stability of the utility. Staff recommends that a compliance filing be opened for Evergy to accept these reports on a monthly basis for customer and collection activity and a quarterly basis for details on the financial impacts of COVID-19. Staff's R&R lays out a detailed

2 Order Granting CURB Intervention, Protective and Discovery Orders (May 19, 2020).

3 Notice of Filing of Staff Report and Recommendation (May 20, 2020).

4 Id. at pg. 2.

5 Id. at pg. 4.

set of reporting metrics for Evergy to follow in its reports and a request for the details behind Evergy's plan for identifying and tracking all cost increases and decreases associated with their response to COVID-19.⁶

6. Finally, Staff recommends that the Commission should reserve ruling on the accumulation of carrying charges, ratepayer recovery, and any required amortization period until the Evergy's next general rate case. Staff emphasizes that approval and use of the AAO at this time is for accounting purposes only and that these costs and lost revenues will be reviewed for prudence and reasonableness at a later time.

II. CURB's Response

7. CURB analyzed Evergy's Application and Staff's R&R from the perspective of residential and small commercial ratepayers. CURB staff has also reviewed the regulatory responses to COVID-19 in other states and the National Association of State Utility Consumer Advocates (NASUCA)'s policy resolution and recommendations concerning utility services during the pandemic.

8. After a careful analysis, CURB has determined that Staff's recommendations in its R&R are reasonable and therefore in the best interests of Evergy's residential and small commercial ratepayers. CURB supports Staff's recommendation to approve the use of an AAO to track increased costs and lost revenue that can be identified with the COVID-19 pandemic. Because of the inability to determine the length of the pandemic and depth of its impacts at this time, CURB also supports deferring decision-making on the treatment of these amounts until Evergy's next general rate case.

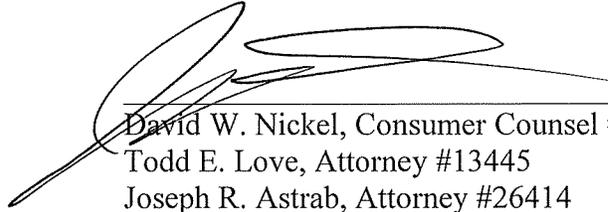
⁶ Id. at pgs. 4-6.

9. CURB also supports Staff’s recommendation to use the reporting metrics outlined in Staff’s R&R on pages 4-6. The level of detail laid out in Staff’s R&R will provide valuable data to measure the financial impact on the utility and customers alike. In addition to the metrics put forth by Staff, CURB recommends that Evergy also include in their reports any federal or state assistance it receives related to COVID-19 relief. CURB emphasizes the importance of tracking both increased costs and lost revenue along with cost decreases and increased revenue from other customer classes as a result of the COVID-19 pandemic. The shifting dynamic of energy use among customer classes is sure to have been affected by the pandemic and it is vital to the analysis of the financial impact to measure these changes to costs and revenue. NASUCA’s COVID-19 Response Subcommittee highlighted this point when it resolved that “[s]tate commissions are urged to identify cost reductions when evaluating utility requests to defer COVID-19 cost increases as a regulatory asset.”⁷ Utilities around the country are implementing new programs and procedures to maintain financial viability while assisting customers in response to COVID-19 and tracking impacts on both sides of the ledger will give improved insight into these changes.

WHEREFORE, CURB respectfully requests the Commission adopt Staff’s Report and Recommendation along with CURB’s additional recommendations and for such other relief as the Commission deems just and proper.

⁷ National Association of State Utility Consumer Advocates Resolution 2020-01 “NASUCA Recommendations Concerning the Effects of the Public Health and Economic Crises Resulting from COVID-19 upon Utility Rates and Services Provided to Consumers by Public Utilities.” (May 12, 2020). Accessed at <https://www.nasuca.org/nwp/wp-content/uploads/2020/05/2020-01-NASUCA-COVID-19-Policy-Resolution-Final-5-12-20-.pdf>

Respectfully submitted,



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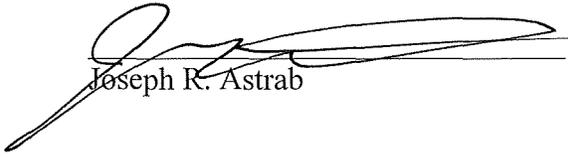
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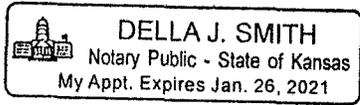
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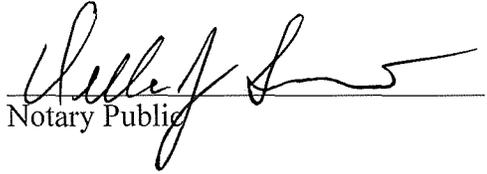
STATE OF KANSAS)
)
COUNTY OF SHAWNEE) ss:

I, Joseph R. Astrab, of lawful age and being first duly sworn upon my oath, state that I am an attorney for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.


Joseph R. Astrab

SUBSCRIBED AND SWORN to before me this 27th day of May, 2020.




Notary Public

My Commission expires: 01-26-2021.

CERTIFICATE OF SERVICE

20-EKME-454-ACT

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 27th day of May, 2020, to the following:

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