

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

**RESPONSE OF EVERGY METRO, INC., EVERGY KANSAS CENTRAL, INC. AND
EVERGY KANSAS SOUTH, INC. TO KIC AND KLER APPLICATION FOR
INTERVENTION**

COME NOW Evergy Metro, Inc. (“Evergy Kansas Metro”), Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (together as “Evergy Kansas Central”) (collectively referred to herein as “Evergy”) and file this Response to the Application for Intervention of Kansas Industrial Consumers Group, Inc. (“KIC”) and Kansans for Lower Electric Rates, Inc. (“KLER”). In support of its Response, Evergy states as follows:

1. Evergy filed its Application in the above-captioned docket on May 6, 2020, requesting an Accounting Authority Order (“AAO”) to defer extraordinary costs and lost revenues, plus associated carrying costs, incurred as a result of the COVID-19 pandemic.

2. On May 20, 2020, Staff filed its Report and Recommendation, recommending approval of Evergy’s Application for an AAO and recommending certain reporting requirements. On May 27, Citizens’ Utility Ratepayer Board (“CURB”) filed its Response to the Staff Report and Recommendation and indicated that it also supports Evergy’s Application for an AAO.

3. Also, on May 27, 2020, KIC and KLER filed their Application for Intervention. KIC and KLER requested intervention in the above-captioned docket in their pleading but also made a number of unsubstantiated, editorial comments about Evergy’s Application. Evergy does

not object to KIC's and KLER's request for intervention but does strongly disagree with a number of the editorial comments made in the filing.

4. First, KIC/KLER's contention that Evergy is requesting to be entirely insulated by customers from impacts of the pandemic is completely unfounded and mischaracterizes the requests made in Evergy's Application. Evergy did not request complete insulation from the impacts of the pandemic; instead, Evergy simply requested deferral of the related costs and lost revenues so that they can be considered in a future rate case. Requesting such a deferral is Evergy's only option to have the extraordinary incremental costs and lost revenues it is experiencing even considered for rate recovery at a later date. As Staff explained in its Report and Recommendation, "if a utility's request for an AAO is denied, its only other option might be to file a full general rate case, which would not be in the public interest, especially if it resulted in every utility in the State filing a rate case during the same general time."¹ The Commission's approval of Evergy's AAO Application will have no impact on rates at this time – no such impact would occur until the deferred costs were reviewed and approved for recovery in a future general rate case.

5. KIC/KLER mischaracterizes the precedent in Kansas when it states that the Commission has rejected deferral of lost revenue before but fails to cite any example of such an instance where the Commission has specifically addressed the issue. The fact is that the COVID-19 pandemic is an extraordinary situation unlike anything faced by Kansas utilities before or addressed by this Commission before and the incremental expenses and lost revenues Evergy is experiencing clearly qualify for deferral as a regulatory asset because they are "extraordinary,

¹ Staff Report and Recommendation, p. 4.

material, unusual, unforeseen, likely non-recurring, and are outside of the control of management.”²

6. Second, KIC/KLER makes the contention that there are federal programs and federal tax relief available to provide economic relief for the pandemic and that those federal programs are the exclusive way of addressing pandemic-related economic harm without any legal support whatsoever for its assertions. There is nothing in any of the federal pandemic-related programs that would prevent the Commission from issuing an AAO for accounting purposes for a utility it regulates or from handling ratemaking issues that arise from the pandemic for a utility under its jurisdiction. Evergy is diligently reviewing any available assistance from the federal government programs and federal tax opportunities and will take advantage of any of those options it qualifies for. As stated in the initial Application in this docket, Evergy will defer any such benefits received as an offset to the costs being deferred under the AAO for the future benefit of customers.³ However, the existence of these federal programs is not a basis for the Commission to deny Evergy’s Application for an AAO, which would prevent Evergy from deferring both incremental costs and benefits caused by the pandemic.

7. KIC/KLER misapprehends the essential nature of the service Evergy provides to its customers, and in particular how essential reliable electric service is to the health and safety of residential customers when they have been ordered to stay home throughout Evergy’s service

² Staff Report and Recommendation, p. 3; *see also* In the Matter of the Investigation of Actions of Western Resources, Inc. to Separate its Jurisdictional Electric Public Utility Business from its Unregulated Businesses, Docket No. 01-WSRE-949-GIE, Order, ¶ 26 (March 26, 2002); State of Emergency and Public Health Emergency in the State of Maryland due to COVID-19, Case No. 9639, Order Authorizing Establishment of a Regulatory Asset for COVID-19 Related Incremental Costs, pp. 2-3 (April 9, 2020).

³ Evergy Application, ¶ 20.

territory, and instead focuses solely on their own commercial interests. As the Federal Energy Regulatory Commission (“FERC”) recognized, “the reliability and security of our Nation’s vital energy infrastructure” are “critical to meeting the energy requirements essential to the American people.”⁴ Evergy has an obligation to continue to provide reliable electric service to all of its customers, even during the pandemic when Evergy may be required to incur extraordinary costs in order to provide that service. KIC/KLER will have the opportunity to make their arguments about rate recovery for these costs and to represent their commercial interests when rate recovery is addressed in Evergy’s next general rate case.

8. Therefore, Evergy requests that the Commission reject the arguments made by KIC/KLER in their Application for Intervention regarding whether the Commission should approve the AAO and grant Evergy the authority to track and defer in a regulatory asset all incremental expenses and other financial impacts including lost revenues, related to the COVID-19 pandemic, as discussed in detail in Evergy’s initial Application.

Respectfully submitted,

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⁴ Business Continuity of Energy Infrastructure, Docket No. PL20-5-000, Statement of Policy (F.E.R.C. April 2, 2020).

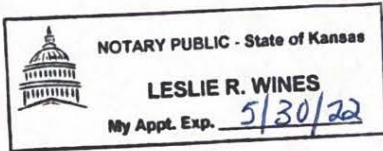
VERIFICATION

STATE OF KANSAS)
) ss
COUNTY OF SHAWNEE)

The undersigned, Cathryn Dinges, upon oath first duly sworn, states that she is Corporate Counsel for Evergy Metro, Inc. Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., that she has reviewed the foregoing pleading, that she is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of her knowledge and belief.

Cathryn Dinges
Cathryn Dinges

Subscribed and sworn to before me this 3rd day of June 2020.



Leslie R. Wines
Notary Public

My appointment expires: May 30, 2022

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of June, 2020, the foregoing **Response** was electronically filed with the Kansas Corporation Commission and that one copy was delivered electronically to all parties on the service list as follows:

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