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

In the Matter of the Joint Application of Evergy Kansas Central, Inc., Evergy Kansas South, Inc., and Evergy Metro, Inc. for Approval to Make Certain Changes in their Charges for Electric Service.	)))))	**Docket No. 23-EKCE-775-RTS**

TESTIMONY IN SUPPORT OF

UNANIMOUS SETTLEMENT AGREEMENT

PREPARED BY

JUSTIN GRADY

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

October 3, 2023

Q. Please state your name and business address.

A. My name is Justin T. Grady and my business address is 1500 Southwest Arrowhead Road, Topeka, Kansas 66604.

Q. Are you the same Justin T. Grady that filed Direct Testimony in this Docket on August 29, 2023?

A. Yes.

Q. Please identify the purpose of your testimony.

A. I am testifying on behalf of the Staff of the Kansas Corporation Commission (KCC or Commission) in support of the settlement of the issues outlined in the Unanimous Settlement Agreement (Settlement Agreement or Agreement) between Staff; Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (collectively referred to as Evergy Kansas Central or EKC) and Evergy Metro, Inc. (Evergy Kansas Metro or EKM) (together with EKC referred to as Evergy); the Citizens' Utility Ratepayers Board (CURB); AARP; Kansas Chamber of Commerce and Industry, Inc. (KCCI); Wichita Regional Chamber of Commerce (Wichita Chamber); Climate + Energy Project (CEP); Natural Resources Defense Council (NRDC); the United States Department of Defense (DOD); Kansas Industrial Consumers Group (KIC); Lawrence Paper Company (LPC), Spirit AeroSystems, Inc. (Spirit), Occidental Chemical Corporation (Occidental), Goodyear Tire & Rubber Company (Goodyear), and Associated Purchasing Services Corporation (Associated Purchasing) (collectively referred to as KIC Participating Members); United School District #259 Sedgwick County, Kansas (USD 259); Johnson County Community College (JCCC), USD 233 Olathe School District, USD 512 Shawnee Mission School District, and USD 232 DeSoto School District (collectively, the Johnson County Districts) and USD

229 - the Blue Valley School District (USD 229); and CVR Refining CVL, LLC (CVR), (collectively, the Signatory Parties or Parties).[1]

My testimony will explain why the Commission should approve the Agreement as a reasonable resolution of the issues in this Docket, which is in the public interest and will produce just and reasonable rates. Specifically, I will:

- provide background information about this Docket;
- provide an overview and discussion of the Agreement;
- discuss the standard of review used to guide the Commission in its consideration of whether to accept the Agreement;[2] and
- discuss the evidence in the record that supports the Agreement.

Background Information

Q. Please provide a brief background of this case.

A. On April 25, 2023, Evergy filed a Joint Application requesting authorization to make certain changes to EKC's and EKM's charges for electric service in Kansas pursuant to K.S.A. 66- 117 and K.A.R. 82-1-231, which was docketed as the above-captioned proceeding. Evergy's Application indicated a gross revenue deficiency of $279 million for EKC, and $25.1 million for EKM, based upon normalized operating results for the 12-months ending September 30, 2022, as adjusted for known and measurable changes through June 30, 2023. After rebasing the amounts currently collected from customers through the Retail Energy Cost Adjustment (RECA), and the Property Tax Surcharge (PTS) the net impact of Evergy's requested revenue requirement increase was $204.2 million for EKC and $14.2 million for EKM.

[1] *Joint Motion for Approval of Unanimous Settlement Agreement*, Docket No. 23-EKCE-775-RTS (Sep. 29, 2023).
[2] *Order Approving Contested Settlement Agreement*, Docket No. 08-ATMG-280-RTS, pp. 4-6 (May 12, 2008).

The primary drivers behind EKC's rate case were:

- an increase in the level of physical plant investment since EKC's 2018 rate case;
- EKC's proposed increase in the overall Weighted Average Cost of Capital (WACC) from 7.0573% to 7.4189%;
- an increase in depreciation expense largely attributable to the magnitude of EKC's investment in physical assets subject to depreciation, the adjustment of depreciable lives (and, thus depreciation rates) of existing generating assets to reflect the lives included in Evergy's annual Integrated Resource Plan (IRP), and the inclusion of the estimated costs of dismantling Evergy's power plants; and
- the expiration of the Company Owned Life Insurance (COLI) program, which had provided rate credits to customers for nearly 40-years, but is now close to expiring; and the loss of revenues from the expiration of three wholesale contracts that have terminated since EKC's last rate case.

EKC also made several other proposals regarding its capital structure, the request of recovery for an Accounting Authority Order (AAO) related to COVID-19, the inclusion of the 8% portion of Jeffrey Energy Center (JEC) in rates, the inclusion of Persimmon Creek Wind Farm (Persimmon Creek) in rates, and the continuation of the CIPS/Cybersecurity Tracker.

The primary drivers behind Evergy's EKM rate case include:

- an increase in the level of physical plant investment since EKM's 2018 rate case;
- EKM's requested increase in the overall WACC from 7.0728% to 7.4282%; and
- depreciation expense associated with new plant and the inclusion of future estimated power plant dismantlement costs.

Additionally, EKM made several other proposals regarding its capital structure, recovery of the AAO related to COVID-19, changes to its jurisdictional allocations, the continuation of its CIPS/Cybersecurity Tracker, and the establishment of a storm reserve.

On August 29, 2023, Staff filed its Direct Testimony, including schedules and exhibits supporting a recommended base rate revenue requirement increase of $109.5 million for EKC (net increase of $34.7 million) and a base rate revenue requirement decrease of $42.3 million for EKM (net decrease of $53.3 million). Staff also recommended changes to the Company's requested distribution of revenue between the classes and other Rate Design and tariff recommendations.

CURB, KIC, and DOD also filed revenue requirement, CCOS, and Rate Design testimony. The results of all of these revenue requirement recommendations are summarized here:

EKC:

Staff	$109.5M (net $34.7M)
CURB	$166.3M (net $91.5M)
KIC Direct	$199.2M (net $124.4M)
KIC Cross Ans.	$160.4M (net $85.6M)
DOD	$234.1M (net $159.3M)

<u>EKM</u>:

Staff	($42.3M) (net ($53.3M))
CURB	($23.9M) (net ($34.8M))
KIC Direct	($9.0M) (net ($19.9M))
KIC Cross Ans.	($18.5M) (net ($29.4M))
DOD	$6.4M (net ($4.5M)

On September 18, 2023, Evergy filed Rebuttal Testimony responding to the Direct and Cross Answering Testimony that was filed by the parties. The Parties held settlement discussions on September 21-22, 2023, continuing into the week of September 25, 2023, and reached this Settlement Agreement, as described below.

<u>Terms of the Settlement Agreement</u>

Q. Please provide an overview of the revenue requirement conditions in the Agreement.

A. The Agreement establishes an agreed-upon base rate revenue requirement increase of $148.8 million (11.75%) for EKC, which equates to a net impact of $74 million (3.54%) after considering the rebasing of $74.8 million currently being recovered via the RECA and PTS.

For EKM, the Agreement establishes an agreed-upon base revenue requirement <u>decrease</u> of $22 million (3.89%), which equates to a net overall reduction of $32.9 million (4.53%) after accounting for the rebasing of the PTS. The Agreement also contains provisions that address all other disputed issues presented in the case.

Q. Please discuss in detail all other provisions of the Agreement as it pertains to EKC.

A. The provisions of the Agreement pertaining to EKC are as follows:

- The revenue requirement increase stated above includes an unspecified amount of rate case expense and EKC can amortize its actual rate case expense over three years. There will be no true-up or re-amortization of this amount in the next rate case if EKC files its next general rate case before three years.
- The Parties agree that the depreciation rates proposed by Staff as set out in Schedule A to the Agreement should be adopted.

Persimmon Creek Wind Farm (Persimmon Creek)

- The Parties agree that the Persimmon Creek Wind Farm will be recovered by EKC through a levelized revenue requirement approach. The revenue requirement increase agreed to by the Parties and stated above includes a levelized revenue requirement for Persimmon Creek of $18,589,530.
- In the event of changes in law or regulations, or the occurrence of events outside the control of EKC that result in a material adverse impact to EKC with respect to recovery of the Persimmon Creek revenue requirement, EKC, as applicable, may file an application with the Commission proposing methods to address the impact of the events. The other Signatory Parties shall have the right to contest any such application, including whether the impact of the change or event is material to EKC, and whether the proposed remedy in the application is reasonable.
- The levelized revenue requirement for Persimmon Creek will be fixed for the first twenty years of the life of the Persimmon Creek site. At the end of those twenty years, the levelized revenue requirement will be reevaluated to consider any maintenance capital expenditures, costs associated with life extension for the plant, or other additional costs incurred to operate and maintain Persimmon Creek.

- In the event that EKC repowers Persimmon Creek after the expiration of the production tax credits, the levelized revenue requirement will be reevaluated at such time;
- The depreciation rate for Persimmon Creek will be 3.9225%.[3]

<u>Jeffrey Energy Center (JEC) 8%</u>

- The Parties agree that the revenue requirement associated with EKC's 8% interest in JEC should be included in base rates and is reflected in the revenue requirement increase stated above.
- The Parties agree that the fuel costs associated with EKC's 8% interest in JEC should flow through EKC's fuel clause and that any related revenues from off-system sales associated with the JEC 8% interest should also flow through the fuel clause for the benefit of customers.

<u>Company Owned Life Insurance (COLI)</u>

- The Company agrees to a credit to customers' revenues previously collected for the difference between the amount of expected COLI rate credits approved as part of the original COLI actuarial schedule and the actual amount of COLI rate credits that customers will have received from 1987 through December 31, 2023. Parties agree the total amount remaining to be credited to customers is $96,530,380 after being grossed up for income taxes. This amount will be established as a Regulatory Liability to be returned to customers and will be amortized over three years, or $32,176,793 per year. With the exception of this regulatory liability amortization, there are no additional COLI rate credits included in the Company's revenue requirement in this case or to be included in the revenue requirement of any future rate case.

[3] This reflects a 25-year operating life, and a 20.625 remaining life of the wind farm.

- At the conclusion of the COLI regulatory liability amortization period, Evergy will track any over return to customers as a regulatory asset until such time as rates are set in a general rate case removing that regulatory liability amortization. Any such regulatory asset will be recovered from customers over an appropriate timeframe to be determined in that general rate case.
- This treatment for COLI is reflected in the above-stated revenue requirement.

<u>Other Policy and Accounting Issues</u>

- <u>Rate of Return and Transmission Delivery Charge (TDC) Return on Equity</u>. The Parties acknowledge that no stated return on equity is included in the settlement. However, the Parties agree that, until its next general rate proceeding, EKC should be authorized to use 6.8923% as its overall rate of return for regulatory accounting purposes, including the calculation of the equity component of Allowance for Funds Used During Construction (AFUDC) and for the abbreviated rate case discussed below. The Parties agree to the use of the indicated overall rate of return solely for the purposes outlined in this paragraph. The Parties also agree that a return on equity of 9.4% will be utilized for purposes of the transmission delivery charge filings required by 2023 House Bill No 2225.
- <u>RECA</u>. The Parties agree that the following changes to EKC's RECA should be approved:

  a. Add short-term capacity revenues and expenses.

  b. Add long-term capacity revenues and expenses for contracts entered into after December 21, 2023 (or date of the Order issued in this docket).

c. Remove the Solar kWh tariff in the non-requirements customers. EKC agrees that it will keep the language regarding Virtual Energy Transactions and Fees for legitimate hedging purposes in the RECA at this time.

- Parallel Generation Rider (PGR). The Parties agree that the following changes to EKC's PGR should be approved.

a. Add short-term capacity revenues and expenses.

b. Add long-term capacity and revenues for contracts entered into after December 21, 2023 (or date of the Order issued in this docket).

c. Remove the Solar kWh tariff in the non-requirements customers. EKC agrees that it will keep the language regarding Virtual Energy Transactions and Fees for legitimate hedging purposes in the PGR at this time.

- Transmission Delivery Charge (TDC). The Parties agree that the following changes to EKC's TDC should be approved:

a. Add National Electric Reliability Corporation (NERC) Fees to TDC and removal from Base Rates.

b. Use Current Southwest Power Pool (SPP) Admin Fees instead of prior year fees.

c. Add SPP Direct Assigned or Sponsored Upgrade Transmission Fees for Customer Upgrades language.

d. Change TDC rates to Five Digits.

e. Eliminate Adjustment Factor (AF) and implement a true-up mechanism as proposed.

f. Add "Pursuant to KSA 66-1237" in basis of charge section.

- Storm Reserve. The Parties agree that the annual accrual amount for storm costs for EKC's Storm Reserve should be set using a three-year average as proposed by Staff and setting a targeted cap for the Storm Reserve of $10 million. The Parties agree that the amount in EKC's Storm Reserve as of June 30, 2023, in excess of $10 million should be amortized back to customers over a three-year period. The targeted cap for the Storm Reserve will be assessed and addressed in the next general rate case.
- Injuries and Damages Reserve. The Parties agree that EKC's Injuries and Damages Reserve should be continued.
- CIPS/Cybersecurity Tracker. The Parties agree that the CIPS/Cybersecurity Tracker should remain in place and will be a non-labor Operations and Maintenance (O&M) tracker and will not include capital. The non-labor O&M base amount of the tracker is set at $3,592,525 for total EKC. This tracker will include only non-labor costs as proposed by Staff and will include physical security costs. Exhibit EKC-1 attached to the Agreement provides the details of the EKC CIP/Cybersecurity tracker. The Tracker will sunset at the first general rate case after January 1, 2028.
- COVID-19 AAO. The Parties agree that the revenue requirement stated above includes the COVID-19 AAO and that EKC can amortize that AAO over a period of three years. There will be no true-up or re-amortization of this amount in the next rate case if EKC files its next general rate case before three years of the effective date of this Settlement Agreement. EKC has already agreed to withdraw its request for inclusion of lost revenues in its COVID-19 AAO.
- PTS. The Parties agree that the Kansas-jurisdictional, non-transmission related, retail property tax expense in base rates is $155,693,994 and shall be the basis for property

tax balance used for purposes of future PTS filings for the time period the new rates are applicable.

- Pensions. For the purpose of calculating EKC's pension tracker going forward, the Parties agree that the base rates agreed to in this Settlement include the following expenses associated with EKC's pension plan:

  EKC Pension Expense $9,509,837

  EKC Amortization of Tracker 1 $(6,055,724)

  EKC FAS 106 OPEB Expense $(839,373)

  EKC FAS 112 OPEB Expense $90,694

  EKC Amortization of Tracker 1 $70,034

  Tracker Balances as of June 30, 2023:

  Pension Tracker 1 $(18,167,171)

  Pension Tracker 2 $254,491

  OPEB FAS 106 Tracker 1 $1,822,963

  OPEB FAS 112 Tracker 1 $(1,612,860)

  OPEB Tracker 2 $5,505,742

  EKC agrees to drop its request that Pension Tracker 2 balances associated with pension and OPEB expenses be included in rate base for purposes of settlement in this case.

- Excess Deferred Income Taxes (EDIT). EDIT amortizations included are as follows: EDIT – Elimination of Kansas Corporate Income Tax 30 years.

- Regulatory Assets and Liabilities. A list of regulatory assets and liabilities and the applicable amortization periods have been agreed to among the Parties. In each future EKC general rate case, the Signatory Parties agree that the balance of each amortization relating to regulatory assets or liabilities that remains, after full recovery by EKC (regulatory asset) or full credit to EKC customers (regulatory liability), shall be applied as offsets to other amortizations which do not expire before EKC's new rates from that rate case take effect. In the event that no other amortization expires before EKC's new rates from that rate case take effect, then the remaining unamortized balance shall be a new regulatory liability or asset that is amortized over an appropriate period of time. A schedule of the list of deferred assets/liabilities is attached to the Settlement as Exhibit EKC-2. The treatment described in this paragraph will apply to all regulatory assets and liabilities except for rate case expense for this docket and the COVID-19 AAO.

Cost Allocation

- The Parties agree that the EKC rate increase should be allocated among the respective classes of customers according to the amounts indicated for each class as shown in Table 1.

TABLE 1

Class	$ Increase	% Increase
Residential	$ 68,969,345	11.99%
Residential DG	$ 304,601	11.99%
Small General Service	$ 29,605,180	11.28%
Medium General Service	$ 15,943,613	11.28%
Large General Service	$ 20,110,827	11.99%
Large Power Service (ILP)	$ 2,581,215	11.99%
Education Service	$ 3,837,398	11.99%
Restricted Time of Day	$ 131,864	11.99%
Special Contract	$ 3,870,358	11.99%
Interruptible Contract Service	$ 90,575	11.99%
Large Tire Manufacturer	$ 537,889	11.99%
EV	$ 35,280	11.99%
Lighting	$ 2,781,851	11.28%
Total	**$ 148,799,998**	11.75%

- In accepting the allocation of the revenue increase and resulting rates, the Signatory Parties agree that this Settlement Agreement does not indicate any specific class cost of service methodology or approach.
- The Parties agree to use Staff's billing determinants to develop the rates for each class as reflected in Table 2 below.

TABLE 2

Kansas Central	
Class	**kWh**
Residential	6,538,007,141
Residential DG	25,890,397
Small General Service	3,477,731,138
Medium General Service	2,392,452,236
Large General Service	3,926,121,347
Large Power Service (ILP)	612,913,546
Education Service	619,732,040
Restricted Time of Day	14,145,813
Special Contract	1,517,569,713
Interruptible Contract Service	18,523,421
Large Tire Manufacturer	33,148,555
EV	2,661,674
Lighting	106,229,318
Total	19,285,126,341

- The Parties agree that EKC should develop rates for each class based on the above referenced allocation of costs and billing determinants.
- The Parties accept Staff's EKC 12 CP allocator for use in EKC's TDC and agree that between this rate case and the next base rate case EKC's TDC will be allocated by the 12 CP factors shown in Table 3 below. The Parties recognize that the first TDC filing after the Order in this case will use these factors in Table 3. The Parties agree that the TDC for the LGS and LPS classes will be calculated on a combined basis with an equal rate applying to both classes.

TABLE 3

Kansas Central	
Residential	40.901%
RS-DG	0.050%
SGS	18.834%
MGS	11.327%
LGS/LPS	18.398%
ICS	0.087%
Church	0.088%
School	3.646%
Large Tire Man.	0.531%
EV	0.012%
Special Contracts	6.127%
Lighting	0.000%
Total	100.000%

Rate Design and Other Tariff Changes

- The Parties agree that the customer charge for all residential customer classes should be $14.25.

Rate design for LGS/LPS

- The EKC LGS and EKC LPS classes should be combined for rate design calculation purposes of settlement base rates. The base rate allocation shortfall resulting from the change in LPS rates will be allocated within the LGS and LPS classes.
- The customer charge between the EKC LGS and LPS classes should be equal. As well, the primary voltage rates for the demand and energy rates need to be equal between the EKC LGS and LPS classes.
- The voltage level rate differentials will be proportionally based on the voltage level rate differentials in EKC's proposed LPS tariff.

Voluntary Residential Time of Use Rates

- The Parties agree that EKC's pilot Time of Use (TOU) rate should be converted into a permanent voluntary rate schedule and that the changes proposed by EKC in its direct filing, including a move to 3-period TOU rates and other changes to be consistent with the EKM TOU rate, should be adopted. The Parties agree a 2-period TOU rate will also be designed and implemented consistent with the rebuttal testimony of Brad Lutz.
- EKC will report semi-annually to the Commission for three years from the date of the Order in this docket. This report will show the number of customers in each class that has selected the voluntary TOU rate, the amount of savings each class experienced over each bi-annual period, and the number of customers who opted out of the TOU rates.
- The Parties agree that the budget for marketing and education for TOU rate as proposed by EKC in its direct filing, with a cap on costs of $2.5 million annually for EKC, should be approved and that the regulatory asset account previously established should be continued for the Company to collect these costs for consideration in the next general rate case.

<u>Business TOU</u>

- In its next full, general rate proceeding the Company commits to propose an optional, non-residential time-variant rate or will offer testimony updating the Commission on its status regarding non-residential time-variant rates.

<u>Demand Service Pilot</u>

- The Parties agree that the EKC Residential Electric Vehicle Rate, Restricted Peak Management, and Residential Peak Efficiency Rate should be eliminated and previous customers under that rate schedule should be moved to the new EKC Residential Demand Service Rate (RD).

LED differentials

- The Parties agree that EKC LED lighting rates will receive 25% of the Lighting class increase and all other, non-LED lighting rates will receive the remainder. Rates for Adder components common between LED and non-LED will be equalized. Company rate design sheets will be used to execute the rate design.
- The Parties agree that the Company should notify customers with non-LED lighting of the cost savings and benefits associated with adopting LED lighting. Communications will be quarterly with at least one communication via direct letter to customers.
- If customers remain on non-LED lighting at the time of the next full, general rate case filing, the Company will offer testimony detailing a plan to proactively move customers to LED alternatives.

Residential Battery Energy Storage Program

- The Parties agree that the residential battery energy storage (RBES) pilot proposed by EKC in its direct filing should be adopted as proposed. EKC will submit a final Evaluation Measurement &Verification (EM&V) report to stakeholders and the Commission by the second quarter of 2027 to evaluate the success of the pilot and determine whether to move it to a full-scale offer in a future rate proceeding.
- The Parties agree to a collaborative to identify parameters on deployment, reporting and EM&V, and propose to file a compliance filing in this docket after that process is complete.

General Terms and Conditions

- The Parties agree that the changes the Company proposed to its General Rules and Regulations, including the direct buried underground service lines, Municipal &

Governmental Subdivision definitions, Provisions for Service to Energy Intensive Loads, and Line Extension Policy, should be adopted as proposed.

- The Company agrees to consider aggregated billing for the Parties or customers represented by the Parties under EKC General Terms and Conditions, Section 4.05.08. Aggregated billing will be permitted for meters located at the same premise and served under the same rates. Evergy will retain discretion to reject aggregated billing if it is deemed detrimental to do so.

Undisputed Issues

- The Parties recommend adoption of the following provisions as part of the Order in this docket:

  a. The Parties agree with the tariff pricing format and naming conventions proposed by the Company.

  b. The Parties agree that the Company's proposal to restrict net metering customers from participating in the TOU rate should be adopted.

  c. The Parties agree that the frozen tariffs identified by the Company should be removed. Specifically,

    - Eliminate the frozen Multi-Unit Rate (WKRSMU) and transition customers to the Small General Service Rate (WKSGS)
    - Remove the frozen Restricted Conservation Rate (WKRSRCV) and transition customers to the Residential Standard Service Rate (WKRS).
    - Remove the frozen Restricted Peak Management Electric Service Rate (WKRSPK) and transition customers to the Residential Standard Rate (WKRS).

d. The Parties agree that changes to align the EKC Schedule NMR and EKM Net Metering Schedule NM should be approved and institute a cost-based re-inspection charge as proposed.

e. The Parties agree that all rate changes occurring for customers as a result of this docket should be implemented based on the customer billing cycle date, as proposed by the Company in its direct filing.

f. The Parties agree to end the reporting requirement tracking the details of customers participating in Schedule RPER and Schedule REV and to end all of the preexisting Residential DG rate related reporting.

g. The Parties agree to Remove the Conservation Use Service Factor from Residential Standard Service Rate (WKRS), remove the Residential Electric Vehicle Rate (WKREV) and transition customers to the Residential Peak Efficiency Rate (WKRPER), eliminate the Off-Peak Service Rate (WKOPS) and create Off Peak Rider, eliminate the Dedicated Off-Peak Rider Rate (WKDOR) and transition customers to the Small General Service Rate (WKSGS), create new Off-Peak Rider, eliminate the SGS Recreational Lighting Rate (WKSGSRL) and create Off-Peak Lighting Rate (new) and transition customers to this rate or the Small General Service Unmetered Rate (WKSGS).

h. The Parties agree that EKC should be permitted to implement its proposed Municipal Underground Service Rider, consistent with the Rider already in place for EKM.

i. The Parties agree that the EKC's Standard Educational Service tariff should be frozen, making it unavailable for new accounts.

j. The Parties agree that EKC's Generation Substitution Service ("GSS") tariff should be frozen so that it is not available to new customers and that the changes proposed by EKC to the GSS tariff should be approved.

k. The Parties agree that the changes proposed by EKC to its CCN tariff and its Wattsaver Air Conditioner Cycling Rider should be approved as proposed.

l. The Parties agree that EKC's Solar kWh Service tariff should be cancelled and replaced with the proposed Solar Subscription Rider, mirroring EKM's similar Rider.

m. The Parties agree to cancel EKC Schedule DISC-PILOT found in its tariffs, as the Schedule is obsolete and no longer needed.

n. The Parties accept EKC's proposed renew rider rate, as proposed in their filing.

<u>Abbreviated Rate Case</u>

- The Parties agree that EKC may use the abbreviated rate setting process contained in K.A.R. 82-1-231(b)(3) to update rates to include:
  - a. Panasonic Related Distribution Investment.
  - b. Wolf Creek Decommissioning Trust Adjustment.
  - c. Investment in a new renewable generating resource to address 2024-2026 resource requirements as supported by Evergy's Integrated Resource Plan (IRP).
- The Parties request that the Commission expressly grant EKC prior approval to file this abbreviated rate case pursuant to K.A.R. 82-1-231(b)(3).
- The Parties agree that any revenue requirement increase approved in the abbreviated rate case will utilize the same percentages reflected in Table 1 above regarding cost allocation.

Q. Please discuss in detail all other provisions of the Agreement as it pertains to EKM.

A. The provisions of the Agreement pertaining to EKM are as follows:

- The Parties agree that the revenue requirement decrease stated above includes an unspecified amount of rate case expense and that EKM can amortize its actual rate case expense over three years. There will be no true-up or re-amortization of this amount in the next rate case if EKM files its next general rate case before three years.

Depreciation

- The Parties agree that the depreciation rates proposed by Staff as set out in Schedule B to the Agreement should be adopted.

Other Policy and Accounting Issues

- Rate of Return and TDC Return on Equity. While the Parties acknowledge that no stated return on equity is included in the settlement, until its next general rate proceeding, EKM is authorized to use 6.8881% as its overall rate of return for regulatory accounting purposes, including the calculation of the equity component of AFUDC. The Parties agree to the use of the indicated overall rate of return for settlement purposes only and do not view such return on equity as precedential. Parties also agree that a return on equity of 9.4% will be utilized for purposes of the transmission delivery charge filings required by 2023 House Bill No. 2225.
- Energy Cost Adjustment (ECA). The Parties agree that the following changes to EKM's ECA should be approved:

  a. Explicitly state it includes both short-term and long-term capacity costs and revenues.

b. Add listing of SPP Charge Types.

c. Change wording for gains and losses associated with Renewable Energy Credit sales to match current accounting practices.

d. Remove differentiation between on-system and off-system allocations to Kansas customers, removing the Unused Energy (UE1) allocator and adopting an energy allocator.

- Jurisdictional Capacity Allocations. Subject to the terms of this Settlement Agreement, the Parties agree that for purposes of allocating capacity-related generation and transmission plant costs between Missouri and Kansas jurisdiction, an average of 4 Coincident Peak (4CP) and 12 CP demand allocators should be applied for everything except for Wolf Creek and transmission, which will be based on a 12 CP demand allocator. The Parties agree that the distribution situs has been updated for purposes of determining the allocator between Missouri and Kansas. Staff and CURB agree to continue to meet with Missouri Public Service Commission (MPSC) Staff and the Office of Public Counsel to discuss jurisdictional allocation methodologies as occurred earlier this year. The parties agree that the above-described allocator methodology is intended to facilitate a collaborative process with Missouri to attempt to arrive at an agreeable jurisdiction allocator methodology for Kansas and Missouri. In the event that this collaborative effort does not result in a comprehensive agreement on jurisdictional allocation between Kansas and Missouri, then the Parties agree that this Agreement is not precedential in any fashion, and the Parties each reserve the right to advocate for any future allocation of these costs in rate cases before this Commission.
- Reserves. The Parties agree that an Injuries & Damages Reserve and Storm Reserve

should be approved for EKM and the annual accrual amount for storm costs for EKM's Storm Reserve should be set using a three-year average as proposed by Staff and setting a targeted cap for the storm reserve of $4 million. The targeted cap for the Storm Reserve will be assessed and addressed in the next general rate case. The Injuries & Damages reserve will be based on $3,281,161 annual accrual for Evergy Metro total company.

- CIPS/Cybersecurity Tracker. The Parties agree that the CIPS/Cybersecurity Tracker should remain in place and will be a non-labor O&M tracker and will not include capital. The non-labor O&M base amount of the tracker is set at $4,184,570 for total Evergy Metro. This tracker will include only non-labor costs as proposed by Staff and will include physical security costs. Exhibit EKM-1, attached to the Agreement, provides the details of the EKM CIP/Cybersecurity tracker. The tracker will sunset at the first general rate case after January 1, 2028.
- COVID-19 AAO. The Parties agree that the revenue requirement stated above includes the COVID-19 AAO and that EKM can amortize that AAO over a period of three years. There will be no true-up or re-amortization of this amount in the next rate case if EKM files its next general rate case before three years. EKM has already agreed to withdraw its request for inclusion of lost revenues in its COVID-19 AAO.
- Storm Uri Costs. EKM agrees to drop its request to recover the amount of under-recovered costs from Winter Storm Uri caused by use of the UE1 Allocator.
- Property Tax. The Parties agree that the total Metro, non-transmission related, retail property tax expense in base rates is $124,285,130 and shall be the basis for property

tax balance used for purposes of future PTS filings for the time period the new rates are applicable.

- Pensions. For the purposes of calculating EKM's pension tracker going forward, the Parties agree that the base rates agreed to in this Settlement include the following expenses associated with EKM's pension plan:

  EKM Pension Expense $13,352,024

  EKM Amortization of Tracker 1 $1,388,915

  EKM OPEB Expense $(1,574,686)

  EKM Amortization of Tracker 1 $(2,100,228)

  Tracker Balances as of June 30, 2023:

  Pension Tracker 1 $4,166,745

  Tracker 2 $(53,431,261)

  OPEB Tracker 1 $(6,300,683)

  Tracker 2 $0

  EKM agrees to drop its request that Pension Tracker 2 balances associated with pension and OPEB expenses be included in rate base for purposes of settlement in this case.

- Excess Deferred Income Tax. EDIT amortizations included are as follows:

  EDIT – Deferral of 2018 amortization 5 years

  EDIT – Deferral of Montrose retirement amortization 5 years

  EDIT – Elimination of Kansas corporate income tax 30 Years

- Regulatory Assets and Liabilities. A list of regulatory assets and liabilities and the applicable amortization periods have been agreed to among the Parties. In each future EKM general rate case, the Signatory Parties agree that the balance of each amortization relating to regulatory assets or liabilities that remains, after full recovery by EKM (regulatory asset) or full credit to EKM customers (regulatory liability), shall be applied as offsets to other amortizations which do not expire before EKM's new rates from that rate case take effect. In the event no other amortization expires before EKM's new rates from that rate case take effect, then the remaining unamortized balance shall be a new regulatory liability or asset that is amortized over an appropriate period of time. A schedule of the list of deferred assets/liabilities is attached to the Agreement as Exhibit EKM-2. The treatment described in this paragraph will apply to all regulatory assets and liabilities except for rate case expense for this Docket and COVID-19 AAO.

Cost Allocation

- The Parties agree that there should be no changes to the existing EKM customer classes beyond the addition of a Large Power Class resulting from the adoption of Bright Lines.
- The Parties agree the rate increase should be allocated among the respective classes of customers according to the amounts indicated for each class as shown in Table 4.

TABLE 4

Class	$ Decrease	% Decrease
Residential	$11,318,217	3.89%
Residential DG	$30,130	3.89%
Small General Service	$1,524,075	3.89%
Medium General Service	$2,789,215	3.89%
Large General Service	$4,841,336	3.89%
Large Power Service	$1,298,551	3.89%
CCN (incl BEV & ETS)	$4,760	3.89%
Lighting	$193,716	3.89%
Total	$22,000,000	3.89%

- In accepting the allocation of the revenue decrease and resulting rates, the Signatory Parties agree that this Settlement Agreement does not indicate any specific class cost of service methodology or approach.
- The Parties agree that the billing determinants to be used to develop the rates for each class are reflected in Table 5.

TABLE 5

Kansas Metro	
Class	**kWh**
Residential	2,842,048,102
Residential DG	7,524,913
Small General Service	343,379,566
Medium General Service	785,786,863
Large General Service	1,760,963,892
Large Power Service	553,673,525
CCN (incl BEV & ETS)	820,221
Lighting	38,031,957
Total	6,332,229,038

- The Parties agree that EKM should develop rates for each class based on the above-referenced allocation of costs and billing determinants.
- The Parties agree to accept Evergy's 12 CP allocator for use in the EKM TDC, as set out in Table 6.

TABLE 6

Kansas Metro	
Residential	51.98%
Res DG	0.08%
SGS	5.87%
MGS	12.17%
LGS	22.37%
LPS	7.34%
EV	0.02%
Lighting	0.18%
KS Metro Retail	100.00%

Rate Design and Other Tariff Changes

- The Parties agree that the customer charge for all residential customer classes should be $14.25.

Voluntary Residential Time of Use (TOU)

- The Parties agree that EKM's pilot TOU rate should be converted into a voluntary permanent rate schedule and that the changes proposed by EKM in its direct filing to the TOU rate should be adopted. The Parties agree a 2-period TOU rate will also be designed and implemented consistent with the Rebuttal Testimony of Brad Lutz.
- EKM will report semi-annually to the Commission for three years from the date of the Order in this docket. This report will show the number of customers in each class that has selected the voluntary TOU rate, the amount of savings each class experienced over each bi-annual period, and the number of customers who opted out of the TOU rates.
- The Parties agree that the budget for marketing and education for TOU rate as proposed by EKM in its direct filing, with a cap on costs of $950,000 annually for EKM should

be approved and that the regulatory asset account previously established should be continued for the Company to collect these costs for consideration in the next general rate case.

Business TOU

- In its next general rate proceeding, the Company commits to propose an optional, non-residential time-variant rate or it will offer testimony updating the Commission on its status regarding non-residential time-variant rates.

Bright Lines

- The Parties agree that the Commission should approve the tariff changes proposed by EKM to implement "Bright Line" divisions between the commercial and industrial customer classes.
- For the specific Evergy Kansas Metro non-residential customers moved to different rates as the result of the implementation of class demand boundaries, referred to as "Bright Lines", and projected by the Company to experience a bill impact of greater than 10%, the Company commits to monitor these individual bill impacts associated with the rate change and limit the individual impact to an increase of no more than 10%. Each quarter, using the rates resulting from this case, the Company will calculate the bills for each customer on the rate associated with the prior class and the rate associated with the new class to which the customer was moved. If the customer bill under the new rate is greater than a 10% increase, a bill credit equal to the amount in excess of the 10% increase will be applied to the customer account within 45 days of the quarter end. The Company will record all customer credits paid into a regulatory asset for recovery consideration in a future rate case. The Company will propose the

regulatory asset to be amortized over three years and collected through an equal percentage charge incorporated in the base rate of all customer classes. The Signatories Parties agree not to object to this proposal.

- Customers receiving this mitigation will continue to be included in quarterly calculations as long as they stay in the rate class determined by the Bright Lines implementation. Customers changing to other rate classes, being disconnected, or terminating service will be removed from the calculation in the quarter following these events. Only the accounts associated with the original Bright Lines implementation are considered for this mitigation.
- These calculations will continue quarterly for three years after the date of the Commission Order in this case or until EKM files its next full, general rate proceeding. If the calculations continue for the full three years, the Company commits to notify all remaining customers of the pending conclusion of this mitigation. A list of service agreements is attached to the Agreement as Exhibit EKM – 3.

<u>Residential Battery Energy Storage</u>

- The Parties agree that the residential battery energy storage (RBES) pilot proposed by EKM in its direct filing should be adopted as proposed. EKM will submit a final EM&V report to stakeholders and the Commission by the second quarter of 2027 to evaluate the success of the pilot and determine whether to move it to a full-scale offer in a future rate proceeding.
- The Parties agree to a collaborative to identify parameters on deployment, reporting and EM&V, and propose to file a compliance filing in this docket after that process is complete.

Demand Service Pilot

- The Parties agree that the EKM Demand Service Pilot should be modified as proposed by EKM.

LED differentials

- All EKM Lighting rates will be decreased equally and Rates for Adder components common between LED and non-LED will be equalized. Company rate design sheets will be used to execute the rate design.
- The Parties agree that the Company should notify customers with non-LED lighting of the cost savings and benefits associated with adopting LED lighting. Communications will be quarterly with at least one communication via direct letter to customers.
- If customers remain on non-LED lighting at the time of the next full, general rate case filing, the Company will offer testimony detailing a plan to proactively move customers to LED alternatives.

Non-Residential Rate Design

- The Parties agree that the Hours Use approach for the commercial and industrial energy charge for EKM should be replaced with the new energy charge calculation proposed by EKM in its direct filing, as modified by the testimony of Steve Chriss for the LGS and LP classes. The Parties further agree the Hours Use approach should be retained and applied to customers with net metering.

General Terms and Conditions

- The Parties agree that the changes the Company proposed to its General Rules and Regulations, including the direct buried underground service lines, Municipal &

Governmental Subdivision definitions, Provisions for Service to Energy Intensive Loads, and Line Extension Policy, should be adopted as proposed.

- The Company agrees to consider aggregated billing for the Parties or customers represented by the Parties under EKM General Terms and Conditions, Section 9.02. Aggregated billing will be permitted for meters located at the same premise and served under the same rates. Evergy will retain discretion to reject aggregated billing if it is deemed detrimental to do so.

Undisputed Issues

- The Parties recommend adoption of these provisions as part of the Order in this docket:
  a. The Parties agree with the tariff pricing format and naming conventions proposed by the Company.
  b. The Parties agree that the Company's proposal to restrict net metering customers from participating in the TOU rate should be adopted.
  c. The Parties agree that the changes to the Company's tariff related to direct buried service lines should be adopted as proposed by EKM in its direct filing.
  d. The Parties agree that changes to align the EKC Schedule NMR and EKM Net Metering Schedule NM should be approved and institute a cost-based re-inspection charge as proposed.
  e. The Parties agree that the changes proposed to EKM's Renewable Energy Rider to make it clear that parallel generation customers are not eligible to participate should be approved.

f. The Parties agree that the modifications proposed to the EKM Programmable Thermostat Program, allowing EKM to utilize the thermostats year-round, be approved as proposed in EKM's initial filing.

g. The Parties agree that the tariff changes proposed by EKM to achieve seasonal alignment with the EKC tariffs should be approved as proposed.

h. The Parties agree that the frozen tariffs identified by the Company should be removed. Specifically,

- Eliminate frozen 2 Meter Heat Rate (2RS2A, 2RS2A-DG) and transition customers to 1 Meter Heat Rate (2RS6A, 2RS6A-DG).
- Freeze 1 Meter Heat Rate (2RS6A, 2RS6A-DG)
- Eliminate Residential Other Rate (2RO1A) and transition customers to Residential Standard (2RS1A).
- Eliminate frozen Time of Day (TOD) Rate (2TE1A) and transition customers to Residential Standard (2RS1A).
- Eliminate frozen 2 Meter Heat Rates (2SGHE, 2MGHE, 2MGHEN, 2MGHEW, 2LGHE) and transition customers to 1 Meter All Electric Rates based on best fit (2SGAE, 2MGAE, 2MGAEN, 2MGAEW, 2LGAE).
- Freeze 1 Meter All Electric Rates (2SGAE, 2MGAE, 2MGAEN, 2MGAEW, and 2LGAE)

i. The Parties agree to eliminating the Residential Other rate and moving customers to the Residential Standard rate with modified terms to accommodate these customers as proposed by EKM.

j. The Parties agree that all rate changes occurring for customers as a result of this docket should be implemented based on the customer billing cycle date, as proposed by the Company in its direct filing.

Commission Standards for Approving Settlement Agreements

Q. Has the Commission previously used factors or standards to review a settlement agreement?

A. Yes. The Commission's Order in Docket No. 08-ATMG-280-RTS (08-280 Docket) discusses five factors, or standards, and multiple agreements have been reviewed by the Commission using the five factors since that Order.[4] However, more recent Commission Orders have noted that for unanimous settlement agreements, parties need not apply the historical five-factors test set forth in the 08-280 Docket.[5] Therefore, the evaluation under all five factors is unnecessary for this Settlement Agreement.

Q. What standards does the Commission generally examine when considering a unanimous settlement agreement?

A. The Commission may accept a unanimous settlement agreement so long as approval of the settlement is: (1) supported by substantial competent evidence in the record as a whole; (2) results in just and reasonable rates; and (3) is in the public interest.[6,7] Each of these factors is discussed individually below.

[4] *Order Approving Contested Settlement Agreement*, 08-280 Docket, p. 5 (May 5, 2008).

[5] *Order on KCP&L's Application for Rate Change*, Docket No. 15-KCPE-116-RTS, ¶ 16, p. 6 (Sept. 10, 2015).

[6] *Ibid*, ¶ 15.

[7] *Citizens' Util. Ratepayer Bd. v. State Corp. Comm'n of State of Kansas*, 28 Kan. App. 2d 313, 316 16 P.3d 319, 323 (2000).

Support for the Settlement Agreement

Q. Please address whether the Agreement is supported by substantial competent evidence in the record as a whole.

A. The Agreement is supported by substantial competent evidence in the record as a whole. The Agreement is supported by Evergy's Application, Direct and Rebuttal testimony, as well as the Direct Testimony of several witnesses offering diverse and often conflicting perspectives about the issues presented in this case. Staff vigorously analyzed the Application and formed our own conclusions that were filed in Direct Testimony. In addition, CURB; KIC, DOD, Atmos, KGS, HF Sinclair, CEP, SAFER, Walmart, CVR, and USD 259 all filed Direct Testimony from 17 different witnesses in total. Eight different witnesses from several parties also filed Cross-Answering Testimony, responding to the Direct Testimony previously filed. These filed positions represent the extensive body of evidence the Commission would rely on to make a determination of the issues presented by this case, if the case were to be fully litigated. The Parties also relied on this evidence in negotiations and eventually arrived at an agreed upon resolution of all of the issues in this case. It is Staff's position that the terms of this Agreement are commensurate with what could be expected if the case were to be fully litigated.

Q. How was the revenue requirement increase of $148.8 million (net $74 million) for EKC and a revenue requirement decrease of $22 million (net $32.9 million) for EKM arrived at by the Parties?

A. There is no specific calculation identified in the Agreement that supports these amounts; therefore, each party will likely have a different understanding of the concessions agreed to in order to produce this result. Several elements of the Agreement specifically match those contained in Staff's filed position, such as the Pension and OPEB deferrals, ongoing expenses associated with Pension and OPEB, three-year amortization periods for Regulatory Assets, Storm Reserve adjustments and accruals, JEC 8% costs, Depreciation Rates, and Jurisdictional Allocations between Kansas and Missouri. In addition, the revenue requirement agreed to by the Parties necessarily requires the acceptance of most of Staff's corrected adjustments to the revenue requirement.

EKC Revenue Requirement

Staff's perspective on the reconciliation between our filed base rate revenue requirement increase for EKC of $109.5 million and the $148.8 million base rate revenue requirement change contained in the Agreement is as follows. Evergy's Rebuttal Testimony pointed out a few computational errors in Staff's position, which Staff agreed to correct. Additionally, Staff agreed to update its adjustment for CWIP to account for the most recently known information. These corrections and updates resulted in Staff's revised litigation position being a base rate increase of $112.6 million for EKC. The revenue requirement impact of each of the aforementioned adjustments to Staff's filed revenue requirement position is displayed in the table below.

Description	Rev Req Impact	Amount
Staff Revenue Requirement as Filed		**109,524,552**
CWIP	2,419,085	111,943,637
EV ADIT	4,100	111,947,737
CWC	712,025	112,659,763
Staff Revised Revenue Requirement		**112,659,763**
Persimmon	714,168	113,373,931
COLI	6,955,261	120,329,192
Bad Debt, Forfeited Discounts, Taxes	349,771	120,678,963
Capital Structure and ROE	19,531,936	140,210,899
Unspecified Revenue Requirement Movement	8,589,101	148,800,000
Revenue Requirement Increase per Agreement		**148,800,000**

Working from Staff's Revised Revenue Requirement in the table above, we have identified the revenue requirement impact of the individual adjustments that are identified in the Agreement, the revised COLI benefit imputation, revised Persimmon Creek levelized amount, and the assumed Weighted Average Cost of Capital (WACC) contained in the Agreement. When all these adjustments are made, there is \$8.5 million of unspecified revenue requirement movement that has not been otherwise attributed to individual adjustments in the Agreement. This \$8.5 million of unspecified movement in revenue requirement was exchanged for Evergy's agreement not to litigate over \$70 million in Staff adjustments to EKC's revenue requirement.

<u>EKM Revenue Requirement</u>

Turning now to Staff's perspective on the reconciliation between our filed base rate revenue requirement decrease for EKM of \$42.3 million and the \$22 million base rate revenue requirement reduction contained in the Agreement. Evergy's Rebuttal Testimony pointed out a few computational errors in Staff's position, which Staff agreed to correct. Additionally, Staff agreed to update its adjustment for CWIP to account for the most recently known information. These corrections and updates resulted in Staff's revised litigation position being a base rate decrease of \$38 million for EKM.

Description	Rev Req Impact	Amount
Staff Revenue Requirement as Filed		(42,274,032)
ADIT	3,629,307	(38,644,725)
CWIP	201,452	(38,443,273)
EV ADIT	223,312	(38,219,961)
Prepayments	63,584	(38,156,376)
CWC	99,445	(38,056,931)
TDC	18,077	(38,038,853)
Bad Debt, Forfeited Discounts, Taxes	(56,834)	(38,095,687)
Staff Revised Revenue Requirement		**(38,095,687)**
Capital Structure and ROE	8,538,654	(29,557,033)
Unspecified Revenue Requirement Movement	7,557,033	(22,000,000)
Revenue Requirement Increase per Agreement		**(22,000,000)**

Working from Staff's Revised Revenue Requirement in the table above, we then calculated the revenue requirement impact of the assumed WACC contained in the Agreement. When all these adjustments are made, there is $7.5 million of unspecified revenue requirement movement that has not been otherwise attributed to individual adjustments in the Agreement. This $7.5 million of unspecified movement in revenue requirement was exchanged for Evergy's agreement not to litigate approximately $30.5 million in Staff adjustments to EKM's revenue requirement.

Although all of the specific concessions during negotiations are not specifically delineated in the Agreement, Staff recognized litigation risk did exist on some adjustments proposed in the case; therefore, Staff determined it was reasonable to make certain concessions to account for that risk and to arrive at the ultimate Settlement Agreement. Additionally, Staff recognized that Evergy has incurred some additional rate case expense from the time Staff's Direct Testimony was filed to now, which would ultimately result in a higher revenue requirement if the case were to be fully litigated. In the final analysis, Staff accepted a base revenue requirement increase for EKC and a base revenue requirement decrease for EKM that together equals $126.8 million, out of an original requested increase of $304 million, or 41.7%.

Once the RECA and PTS charges are reset to reflect the rebasing of amounts currently being collected through those surcharges, the net increase to EKC customers will be $74 million, and EKM customers will receive a $33 million reduction, or $41 million increase in total for Kansas ratepayers, out of a net requested increase of $218 million, or 18.8%.

Q. How was the assumed WACC 6.8923% for EKC and 6.8881% for EKM determined?

A. The WACC of 6.8923% for EKC and 6.8881% for EKM are negotiated amounts in the Settlement Agreement, and each party to the Agreement will likely have a different perspective on what capital structure and Return on Equity (ROE) is represented by the WACCs. To illustrate how different capital structures and ROE scenarios can result in different WACCs, Staff offers the following examples. Each example below results in the same WACC, but with significantly different capital structure and ROE assumptions.

<u>EKC WACC Examples</u>

EKC Capital Structure/ROE Scenarios				
Staff's Filed Capial Structure	DESCRIPTION	CAPITALIZATION RATIOS	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
	Long Term Debt	52.05%	4.20%	2.1876%
	Common Equity	47.95%	9.81%	4.7047%
		100.00%		6.8923%
Evergy's Filed Capial Structure	DESCRIPTION	CAPITALIZATION RATIOS	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
	Long Term Debt	47.75%	4.38%	2.0896%
	Common Equity	52.25%	9.19%	4.8027%
		100.00%		6.8923%
Avg. Between Staff and Evergy	DESCRIPTION	CAPITALIZATION RATIOS	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
	Long Term Debt	49.90%	4.29%	2.1405%
	Common Equity	50.10%	9.48%	4.7518%
		100.00%		6.8923%
50/50 Capital Structure	DESCRIPTION	CAPITALIZATION RATIOS	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
	Long Term Debt	50.00%	4.38%	2.1882%
	Common Equity	50.00%	9.41%	4.7042%
		100.00%		6.8923%

As the Commission can see, depending on your assumed capital structure and cost of debt, the agreed-upon EKC WACC contains an ROE between 9.19% and 9.81%. On the other hand, for a given ROE, you can back into an assumed capital structure.

EKM WACC Examples

EKM Capital Structure/ROE Scenarios				
Staff's Filed Capial Structure	DESCRIPTION	CAPITALIZATION RATIOS	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
	Long Term Debt	51.84%	4.16%	2.1571%
	Common Equity	48.16%	9.82%	4.7309%
		100.00%		6.8881%
Evergy's Filed Capial Structure	DESCRIPTION	CAPITALIZATION RATIOS	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
	Long Term Debt	47.32%	4.34%	2.0539%
	Common Equity	52.68%	9.18%	4.8343%
		100.00%		6.8881%
Avg. Between Staff and Evergy	DESCRIPTION	CAPITALIZATION RATIOS	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
	Long Term Debt	49.58%	4.25%	2.1075%
	Common Equity	50.42%	9.48%	4.7806%
		100.00%		6.8881%
50/50 Capital Structure	DESCRIPTION	CAPITALIZATION RATIOS	COST OF CAPITAL	WEIGHTED COST OF CAPITAL
	Long Term Debt	50.00%	4.34%	2.1703%
	Common Equity	50.00%	9.44%	4.7178%
		100.00%		6.8881%

Q. How was the levelized revenue requirement of $18,589,530 for Persimmon Creek determined?

A. The specific calculations necessary to arrive at this levelized cost of Persimmon Creek in the Agreement are not identified, therefore each party to the case may have a different perspective of the calculations necessary to produce this result. From Staff's perspective, this calculation can be supported by the inputs found in Staff Exhibit JTG-1 attached to this testimony.

Q. Does Staff contend that the Agreement will result in just and reasonable rates?

A. Yes. Staff contends that this Agreement will result in rates that fall within the "zone of reasonableness" described by the Kansas courts in which the result is balanced between the interests of investors versus ratepayers, present versus future ratepayers, and is in the public interest generally. This opinion is supported by the fact that revenue requirements agreed to in the Settlement fall between the range of the recommendations of parties that filed revenue requirement testimony in this Docket, and the fact that the result is much closer to Staff's filed position than Evergy's, as shown in these tables:

Evergy Kansas Central (in Millions)		
Party--Filed vs. Settled	**Increase**	**Net Increase**
Staff	$109.5	$34.7
Settlement	***$148.8***	***$74.0***
CURB	$166.3	$91.5
KIC - Cross Answer	$160.4	$85.6
KIC - Direct	$199.2	$124.4
DOD	$234.1	$159.3
Evergy 6/30 Update	$288.9	$214.1

Evergy Kansas Metro (in Millions)		
Party--Filed vs. Settled	**Increase**	**Net Increase**
Staff	($42.3)	($53.3)
CURB	($23.9)	($34.8)
Settlement	***($22.0)***	***($32.9)***
KIC - Cross Answer	($18.5)	($29.4)
KIC - Direct	($9.0)	($19.9)
DOD	$6.4	($4.5)
Evergy 6/30 Update	$25.2	$14.3

Staff's Direct Testimony was filed with the intention of balancing all of the interests represented in this case, and the agreed upon total revenue increase is a substantial adjustment in rates from Evergy's filed and updated positions. This agreed-upon revenue requirement strikes the proper balance between the Company's desire to have a reasonable assurance that it will earn sufficient revenues and cash flows to meet its financial obligations and the need to keep rates as low as possible for customers, while providing reliable electric utility service. In short, the level of cost recovery afforded under this Settlement reflects Evergy's ongoing normalized cost of providing reasonably sufficient and efficient service.[8]

The presence of professional expert witnesses and attorneys helps ensure that any unreasonable position(s) taken by any party are eliminated by opposing parties through the settlement process. More specifically, while an unreasonable position(s) may or may not be discussed explicitly in settlement, each party is generally unwilling to make concessions to unreasonable position(s) and will exclude such unreasonable position(s) from their respective settlement positions. Simply put, a settlement that is able to satisfy each of these very diverse and competing interests is not easy to accomplish. The fact that the Parties in this case, with diverse and often competing interests, have found common ground for resolving their respective issues strongly supports Staff's contention that the Agreement in this case will result in just and reasonable rates that are in the public interest.

Q. Are you aware of the balancing test set forth by the Kansas Supreme Court for determining whether rates are "just and reasonable"?

A. Yes, the Kansas Supreme Court has stated:

[8] *See* K.S.A. 66-101b.

> The leading cases in this area clearly indicate that the goal should be a rate fixed within the "zone of reasonableness" after the application of a balancing test in which the interests of all concerned parties are considered. In rate-making cases, the parties whose interests must be considered and balanced are these: (1) the utility's investors vs. the ratepayers; (2) the present ratepayers vs. the future ratepayers; and (3) the public interest.[9]

Q. What evidence in this case should be considered when performing the balancing test set forth by the Kansas Supreme Court?

A. Staff's contention is the Agreement before the Commission easily passes the balancing test set forth by the Kansas Supreme Court. The following supports this assertion:

(1) the agreed-upon revenue requirement balances the interests of the utility's investors and the ratepayers because it is a substantial reduction from Evergy's filed position without jeopardizing the ability of Evergy to provide efficient and sufficient electric utility service;

(2) Staff has strived to mitigate intergenerational inequity in our filed position (specifically with regard to our depreciation rate recommendations, amortization periods, and other normalization adjustments) and the Settlement and, therefore, the Agreement provides a reasonable balance between present and future ratepayers; and

(3) the fact that both of the two factors above have been met is itself an indication that the Agreement is in the public interest generally. I will discuss this in greater detail below.

[9] *Kan. Gas and Electric Co. v. State Corp Comm'n*, 239 Kan. 483, 488 (1986).

Q. Does Staff contend that the results of the Agreement are in the public interest?

A. Yes. There were multiple interests represented by the parties involved in the negotiations: CURB representing the interests of residential and small commercial ratepayers; KIC representing the interest of its industrial customer clients; Evergy representing its management and shareholders; and several other diverse interests represented by AARP, KCCI, the Wichita Chamber, CEP, NRDC, DOD, USD 259, JCCC, USD 233, USD 512, USD 232, USD 229, CVR, and several non-signatory parties. Staff was attempting to balance each of those interests while representing the interests of the public generally. The fact that these varied interests were able to collaborate and present a unanimous resolution of the issues in this case strongly indicates the public interest standard has been met.

Generally speaking, the public interest is served when ratepayers are protected from unnecessarily high prices, discriminatory prices and/or unreliable service. More specifically, it is Staff's opinion that the Agreement meets the public interest because:

- It reduces the amount of Evergy's requested revenue increase to much closer to Staff's filed position, a position which was below the revenue increase recommended by most parties in this Docket;
- It provides Evergy with sufficient revenues and cash flows to meet its financial obligations and provide reliable electric service;
- It allows Evergy to continue to utilize the CIPS/Cyber Security Tracker to capture incremental costs associated with Evergy's efforts to protect its infrastructure against damage from physical and cyber security threats:
- It provides for the inclusion in rates of the Persimmon Creek Wind Farm, an operating wind farm with a high capacity factor, low levelized cost of energy, and

an attractive congestion/transmission profile compared to EKC's existing wind sites;

- It provides for the inclusion in rates of the 8% portion of JEC. This operating coal-fired generating unit provides an economic and reliable source of dispatchable capacity at a time of increased load growth and economic development in the State of Kansas. This dispatchable capacity comes at a cost to customers that is very attractive compared to market capacity options available today, or alternative financial mechanisms designed to limit exposure to natural gas or the wholesale price of electricity.
- It provides for an expiration plan for the COLI rate credit program which has provided benefits to EKC customers for nearly 40 years. The agreement provides for $96.5 million of certain benefits to customers over three years, with protections to ensure that neither customers nor the company receive more or less than this $96.5 million in benefits.
- It provides for a path forward for Staff, CURB, and Evergy to meet with the MPSC and the Missouri Office of Public Counsel in an attempt to derive an agreeable jurisdictional allocator methodology for both Kansas and Missouri. While there are no assurances that this collaborative will be successful, if it is, this could resolve 40-years of uncertainty and disagreement between Evergy, the KCC, and the MPSC on this critical issue.
- In settlement negotiations, each of the Parties represented their respective interests by putting time, thought, and professional analysis into deriving a settlement position it found reasonable;

- The stipulated revenue requirement increase for EKC and decrease for EKM was based on the record and is a reasonable compromise among the Parties based on each party's own analysis of a reasonable outcome; and
- If this Agreement is approved, the Parties would avoid the costly and time consuming process of a fully-litigated hearing. It is in the public interest to avoid these costs if possible, and this Agreement accomplishes this result.

Q. Should the Commission accept the Agreement as a reasonable resolution of the issues in this Docket?

A. Yes, the Agreement represents a reasonable resolution of the issues in this Docket, results in just and reasonable rates, is in the public interest, and is supported by substantial competent evidence in the record.

Q. Does this conclude your testimony?

A. Yes, thank you.

Evergy, Inc.
Levelized Revenue Requirement
dollars in thousands unless otherwise notec

Update 1: Remove Maintenance Capex
Update 2: Extend Book Life from 20 years to 25 years
Update 3: Assumed 9.50% ROE and 50/50 Capital Structure

Line #				
1	**Results:**			
2				
3	**NPV of Revenue Requirements**	**$ 200,734**		
4	**Levelized Revenue Requirements**	**$ 18,589.530**		
5	**Average annual MWh**	**869,868**		
6	**Levelized Cost per MWh**	**$ 21.37**		
7				
8	**Assumptions:**			
9	*Assume that installation is day 365 of year (*			
10	In-Service Date	12/31/2022	*(closing 5/17/2023); model requires closes year-end date*	
11				
12	Capacity	198.6	MW	
13				
14	Persimmon Creek Purchase:		Account	
15	Gross Plant	$ 252,473	101000	*Land = $0*
16	Electric Plant Adjustment	541	114600	
17	Reserve	(48,323)	108011	
18	Net Plant	$ 204,691		
19				
20	Investment in Interconnectior	$ 12,105	123107	
21				
22	Working Capital:			
23	Cash	$ 3,050.2	131405	*Exclude from revenue requirement*
24	Accounts Receivable	449.7	143102	*Exclude from revenue requirement*
25	Accounts Payable	(1,190.8)	232400	*Exclude from revenue requirement*
26	SPP Deposits	930.6	134502	*Exclude from revenue requirement*
27	Prepaid Maintenance	574.3	165005	
28	Inventory	298.4	154007	
29	Total Working Capital	$ 4,112.3		
30				
31	Total Purchase Price	$ 220,909	*(Net Plant + Investment in Interconnection + Working Capital,*	
32	**Total Purchase Price for Revenue Requirement**	**$ 217,669**	***(Total Purchase Price - Cash - AR - AP - SPP Deposits)***	
33	Cost per kW-ac	$ 1,096.0		
34				
35	Net Capacity Factor	50.00%		
36				*Anticipate utilizing tax credits in 202ε*
37	Production Tax Credit/MWh:	$ (28.00)	Current	Yr to Begin Monetizing PTC 1/1/2026 *(use first day of year)*
38	Percent PTC Available	100%		

Line #		Yr																
39		Yr	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037	12/31/2038
40	Annual Rate Inflated		$ (28.00)	$ (28.70)	$ (29.42)	$ (30.15)	$ (30.91)	$ (31.68)	$ (32.47)	$ (33.28)	$ (34.12)	$ (34.97)	$ (35.84)	$ (36.74)	$ (37.66)	$ (38.60)	$ (39.56)	$ (40.55)
41	Annual Rate Inflated Roundec		$ (28.00)	$ (29.00)	$ (29.00)	$ (30.00)	$ (31.00)	$ (32.00)	$ (32.00)	$ (33.00)	$ (34.00)	$ (35.00)	$ (36.00)	$ (37.00)	$ (38.00)	$ (39.00)	$ (40.00)	$ (41.00)
42																		
43		Yr	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
44	Renewable Energy Credit							$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Line #				
45				
46				
47	O&M Assumptions:			
48	Incremental Internal Labor	$ 271	per yr	
49	Variable O&M	$ 0.95	per MWh	***based on 2021 actual results (unscheduled maintenance and balance of plant expense) inflated 2.5%***

Line #		Yr																						
50		Yr	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
[redacted]																								
52	Royalty Payments - Landowners		$ 621	$ 1,092	$ 1,092	$ 1,092	$ 1,092	$ 1,092	$ 1,192	$ 1,192	$ 1,192	$ 1,192	$ 1,192	$ 1,291	$ 1,291	$ 1,291	$ 1,291	$ 1,291	$ 1,390	$ 1,390	$ 1,390	$ 1,390	$ 1,390	
53	Royalty Payments - Substation		$ 272	$ 446	$ 457	$ 468	$ 480	$ 492	$ 504	$ 517	$ 530	$ 543	$ 557	$ 571	$ 585	$ 600	$ 615	$ 630	$ 646	$ 662	$ 678	$ 695	$ 713	
54	Property Tax - Oklahoma		$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	$ 1,643	

Line #					
55					
56	Annual Project Contingency	$ -			
57					
58	Book Depreciation - Wind Farm	3.9225%	annual	20.63	year life
59	Book Depreciation Factor in Cost of Removal	3.9225%	annual	20.63	year life
60	Cost of Removal Net of Salvage	$ -	*cost in future dollars*		
61	Tax Depreciation	MACRS 5			
62					
63	Book Depreciation - Investment in Substatior	4.85%	annual	20.63	year life
64	Tax Depreciation	Equals Book			
65					

Line #		Yr																
66		Yr	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
67	Maintenance Capex																	
68	Maintenance Capex Inflatec		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
69	Depreciation Rates (assume remaining life		5.1%	5.4%	5.7%	6.0%	6.4%	6.8%	7.3%	7.9%	8.6%	9.4%	10.4%	11.6%	13.1%	15.1%		
70	*Assume capex spent pro rata across the year; half-year depreciation; no capex in year 15 or 1ε*																	

Line #						
71						
72	Property Insurance	$ 0.0727	per $100 of coverage; assume technology advances will lower insured value - do not apply inflatio			
73						
74	Inflation	2.50%				
75	AFUDC Rate (refer to construction schedule)					
76	Income Tax Rate	21.00%				
77						
78	Cost of Capital:					
79		Weight	Cost	WACC	Pre-tax	After-tax
80	Debt	50.00%	4.38%	2.19%	2.19%	1.73%
81	Equity	50.00%	9.50%	4.75%	6.01%	4.75%
82		100.00%		6.94%	8.20%	6.48%
83						
84	**Annual net generation (MWh):**					

Line #																							
85		12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037	12/31/2038	12/31/2039	12/31/2040	12/31/2041	12/31/2042	12/31/2043
86	Yr	0	0.625	1.625	2.625	3.625	4.625	5.625	6.625	7.625	8.625	9.625	10.625	11.625	12.625	13.625	14.625	15.625	16.625	17.625	18.625	19.625	20.625

	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037	12/31/2038	12/31/2039	12/31/2040	12/31/2041	12/31/2042	12/31/2043
Annual Net Generation		543,668	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868	869,868
PTC Value per MWh		$ (28.00)	$ (29.00)	$ (29.00)	$ (30.00)	$ (31.00)	$ (19.25)															
Revenue Requirements:																						
	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037	12/31/2038	12/31/2039	12/31/2040	12/31/2041	12/31/2042	12/31/2043
Yr	0	0.625	1.625	2.625	3.625	4.625	5.625	6.625	7.625	8.625	9.625	10.625	11.625	12.625	13.625	14.625	15.625	16.625	17.625	18.625	19.625	20.625
Rate Base:																						
Net Book Plant	$ 216,796	$ 210,227	$ 199,715	$ 189,204	$ 178,693	$ 168,181	$ 157,670	$ 147,159	$ 136,647	$ 126,136	$ 115,625	$ 105,113	$ 94,602	$ 84,091	$ 73,579	$ 63,068	$ 52,557	$ 42,045	$ 31,534	$ 21,023	$ 10,511	$ 0
PTC Deferred Asset		15,223	40,449	65,675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Working Capital	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873
Less: Accumulated Deferred Income Taxes		7,294	18,966	25,135	28,002	30,870	31,262	29,178	27,094	25,010	22,925	20,841	18,757	16,673	14,589	12,505	10,421	8,337	6,252	4,168	2,084	(0)
Rate Base	$ 217,669	$ 219,028	$ 222,071	$ 230,617	$ 151,563	$ 138,184	$ 127,281	$ 118,854	$ 110,426	$ 101,999	$ 93,572	$ 85,145	$ 76,718	$ 68,290	$ 59,863	$ 51,436	$ 43,009	$ 34,582	$ 26,154	$ 17,727	$ 9,300	$ 873
Average Rate Base		$ 218,348	$ 220,550	$ 226,344	$ 191,090	$ 144,873	$ 132,732	$ 123,067	$ 114,640	$ 106,213	$ 97,786	$ 89,358	$ 80,931	$ 72,504	$ 64,077	$ 55,650	$ 47,222	$ 38,795	$ 30,368	$ 21,941	$ 13,513	$ 5,086
Pre-Tax Rate of Return		8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%
Pre-Tax Rate of Return on Rate Base		$ 11,194	$ 18,091	$ 18,566	$ 15,674	$ 11,883	$ 10,888	$ 10,095	$ 9,404	$ 8,712	$ 8,021	$ 7,330	$ 6,639	$ 5,947	$ 5,256	$ 4,565	$ 3,873	$ 3,182	$ 2,491	$ 1,800	$ 1,108	$ 417
Pretax Return on Equity		$ 8,205	$ 13,261	$ 13,609	$ 11,490	$ 8,711	$ 7,981	$ 7,400	$ 6,893	$ 6,386	$ 5,880	$ 5,373	$ 4,866	$ 4,359	$ 3,853	$ 3,346	$ 2,839	$ 2,333	$ 1,826	$ 1,319	$ 813	$ 306
Pretax Cost of Debt		$ 2,989	$ 4,830	$ 4,957	$ 4,185	$ 3,173	$ 2,907	$ 2,695	$ 2,511	$ 2,326	$ 2,142	$ 1,957	$ 1,772	$ 1,588	$ 1,403	$ 1,219	$ 1,034	$ 850	$ 665	$ 481	$ 296	$ 111
Production Tax Credit																						
PTC		$ (15,223)	$ (25,226)	$ (25,226)	$ (26,096)	$ (26,966)	$ (16,745)	$ -	$ -	$ -	$ -											
PTC Tax Gross Up		(4,047)	(6,706)	(6,706)	(6,937)	(7,168)	(4,451)	-	-	-	-											
Total PTC Value in Rates		$ (19,269)	$ (31,932)	$ (31,932)	$ (33,033)	$ (34,134)	$ (21,196)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fuel: Renewable Energy Credits		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
O&M																						
Balance of Plant O&M Agreement		$ 169	$ 278	$ 285	$ 292	$ 299	$ 307	$ 314	$ 322	$ 330	$ 338	$ 347	$ 356	$ 364	$ 374	$ 383	$ 392	$ 402	$ 412	$ 423	$ 433	$ 444
Variable O&M		522	857	878	900	923	946	969	994	1,018	1,044	1,070	1,097	1,124	1,152	1,181	1,211	1,241	1,272	1,304	1,336	1,370
[redacted]																						
Project Contingency		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Insurance		99	157.7	158	158	158	158	158	158	158	158	158	158	158	158	158	158	158	158	158	158	158
Royalty Payments		892	1,538	1,549	1,561	1,572	1,584	1,696	1,709	1,722	1,735	1,748	1,862	1,876	1,890	1,905	1,921	2,036	2,052	2,069	2,086	2,103
PILOT Schedule/Property Tax		1,027	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643
Total O&M		$ 5,171	$ 9,597	$ 9,738	$ 9,884	$ 10,031	$ 10,183	$ 10,464	$ 10,651	$ 10,843	$ 11,039	$ 11,240	$ 11,546	$ 11,757	$ 11,974	$ 12,196	$ 12,423	$ 12,756	$ 12,995	$ 13,240	$ 13,491	$ 13,749
Depreciation Expense		$ 6,570	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511	$ 10,511
Total Revenue Requirement		**$ 3,665**	**$ 6,267**	**$ 6,884**	**$ 3,037**	**$ (1,708)**	**$ 10,386**	**$ 31,071**	**$ 30,566**	**$ 30,066**	**$ 29,571**	**$ 29,081**	**$ 28,696**	**$ 28,216**	**$ 27,741**	**$ 27,272**	**$ 26,808**	**$ 26,450**	**$ 25,997**	**$ 25,551**	**$ 25,111**	**$ 24,678**
PV of Total Revenue Requirement		**$ 3,514**	**$ 5,620**	**$ 5,772**	**$ 2,381**	**$ (1,252)**	**$ 7,121**	**$ 19,920**	**$ 18,325**	**$ 16,856**	**$ 15,502**	**$ 14,256**	**$ 13,154**	**$ 12,095**	**$ 11,120**	**$ 10,222**	**$ 9,396**	**$ 8,669**	**$ 7,968**	**$ 7,323**	**$ 6,730**	**$ 6,184**
Total Revenue Requirement Per MWh		**$ 6.74**	**$ 7.20**	**$ 7.91**	**$ 3.49**	**$ (1.96)**	**$ 11.94**	**$ 35.72**	**$ 35.14**	**$ 34.56**	**$ 34.00**	**$ 33.43**	**$ 32.99**	**$ 32.44**	**$ 31.89**	**$ 31.35**	**$ 30.82**	**$ 30.41**	**$ 29.89**	**$ 29.37**	**$ 28.87**	**$ 28.37**
Levelized Revenue Requirement per MWh		**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**	**$ 21.37**
Levelized Revenue Requirement		$ 11,618	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590	$ 18,590
Annual over/(under)		$ 7,954	$ 12,322	$ 11,705	$ 15,553	$ 20,297	$ 8,204	$ (12,481)	$ (11,977)	$ (11,477)	$ (10,982)	$ (10,492)	$ (10,106)	$ (9,626)	$ (9,152)	$ (8,682)	$ (8,219)	$ (7,860)	$ (7,408)	$ (6,962)	$ (6,522)	$ (6,088)
NPV of delta		$ (0)																				
Cumulative over/(under)		$ 7,954	$ 20,276	$ 31,981	$ 47,534	$ 67,832	$ 76,036	$ 63,554	$ 51,578	$ 40,101	$ 29,119	$ 18,628	$ 8,522	$ (1,105)	$ (10,256)	$ (18,938)	$ (27,157)	$ (35,017)	$ (42,425)	$ (49,387)	$ (55,909)	$ (61,997)

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

VERIFICATION

Justin T. Grady, being duly sworn upon his oath deposes and states that he is the Chief of Revenue Requirements, Cost of Service and Finance for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Testimony,* and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Justin T. Grady
Chief of Revenue Requirements,
Cost of Service and Finance
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 3rd day of October, 2023.

Notary Public

Abigail DeAnne Emery
Notary Public State of Kansas
My Appt Expires 10/8/23

CERTIFICATE OF SERVICE

23-EKCE-775-RTS

I, the undersigned, certify that a true copy of the attached testimony has been served to the following by means of electronic service on October 3, 2023.

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