

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Missouri Metro)
and Evergy Missouri West, Inc. d/b/a) File No. EU-2020-0350
Evergy Missouri West for an Accounting)
Authority Order Allowing the Companies to)
Record and Preserve Costs Related to)
COVID-9 Expenses)

MISSOURI INDUSTRIAL ENERGY CONSUMERS' INITIAL BRIEF

COMES NOW the Missouri Industrial Energy Consumers (“MIEC”) and for its Initial Brief states as follows:

I. Background

On May 6, 2020, Evergy Missouri Metro and Evergy Missouri West (“Company”) filed its Application for an accounting authority order (“AAO”) to accumulate and defer to a regulatory asset for consideration of recovery in future rate case proceedings all extraordinary costs and financial impacts incurred as the result of the COVID-19 pandemic, plus associated carrying costs.¹

On October 8, 2020, the MIEC, the Company, the Commission Staff (“Staff”), the Midwest Energy Consumers Group (“MECG”) and the Sierra Club (“Signatories”) filed their Non-Unanimous Stipulation and Agreement (“Stipulation”).² On October 15, 2020, the Office of the Public Counsel and the National Housing Trust (“NHT”) filed objections to the Stipulation.

On November 12 and 13, 2020, the Commission held an evidentiary hearing.

¹ Application of Evergy Metro, Inc. and Evergy Missouri West, Inc. for Accounting Authority Order Related to COVID-19 Costs and Financial Impacts.

² Ex. 1, Non-Unanimous Stipulation and Agreement.

II. The Commission should authorize the Company to defer to a regulatory asset costs and savings pursuant to the specific provisions of the Stipulation.

After extensive negotiations, the Company, the Staff, the MIEC, the MECG and the Sierra Club agreed on a Stipulation providing for specific costs and savings to be included in a regulatory asset. The Stipulation recognizes that the Company's ability to track and defer costs is for accounting purposes only, and all questions regarding ratemaking treatment are reserved for the Company's next general rate case.³

The Stipulation specifies items for deferral beginning March 1, 2020, including: (1) new or incremental operating and maintenance expense related to protecting employees; (2) increased bad debt expense due to COVID-19 in excess of levels included in the cost of service; (3) costs related to any assistance programs to aid customers with payment of electric bills during the pandemic with the exception of certain Company contributions; (4) waived fee revenues up to the amount included in rates related to waived late payment fees and waived reconnection fees.⁴ The Signatories agreed on amounts included in the Company's last rate case for bad debt expense, late payment fees and service reconnection charges. The Signatories also agreed that certain operating costs reductions caused by the COVID-19 pandemic should be tracked and netted against the deferred costs.⁵

The Signatories agreed that any lost revenues from reduced customer usage (volumetric charges) should not be included in the deferral, and that carrying costs should be excluded from the deferral period.⁶ Regarding the duration of the AAO, the Signatories agreed that costs and costs reductions should be tracked, netted and deferred until March 31,

³ Ex. 1, p. 7, ¶ 14.

⁴ Ex. 1, pp. 1-3, ¶¶ 2-4.

⁵ Ex. 1, pp. 3-4, ¶ 7.

⁶ Ex. 1, p. 3, ¶ 6.

2020, with specific extension periods for certain uncollectibles expense.⁷ The Stipulation sets forth detailed reporting requirements for the Company.⁸

The Stipulation represents a detailed and specific resolution of highly disputed issues by diverse parties resulting from extensive negotiation. The Commission should find that the Stipulation is just and reasonable based upon the evidence in this case.

II. The Commission has the legal authority to order paragraphs 16-18 of the Stipulation.

Missouri statutory sections 386.250 and 393.140 authorize the Commission to allow accounting authority orders and other deferrals. The Commission has the powers conferred by statute and “reasonably incidental thereto”.⁹ The Stipulation provisions set forth in paragraphs 16-18 are necessary and incidental to the deferral, because they set forth (1) information regarding the Company’s contribution programs related to the COVID-19 pandemic and (2) how the Company will account for these programs.

III. The MIEC would still support the other terms and conditions of the Stipulation in the event the Commission decides that it does not have authority to order paragraphs 16-18, or in the event that the Commission declines to order those paragraphs.

The MIEC requests that the Commission adopt the Stipulation as a just and reasonable resolution of the disputed issues in this case, and as the product of extensive negotiations by parties with diverse interests. However, in the event that the Commission

⁷ Ex. 1, pp. 4-5, ¶ 8.

⁸ Ex. 1, pp. 5-7, ¶¶ 9-12.

⁹ See *State ex rel. AG Processing v. Thompson*, 100 S.W. 3d 915, 919 (Mo. App. W.D. 2003).

declines to order paragraphs 16-18 for any reason, the MIEC will continue to support the Stipulation.

CONCLUSION

For the above-stated reasons, the Commission should issue an order resolving this case in accordance with the Stipulation.

Respectfully submitted,

Curtis, Heinz, Garrett & O'Keefe, P.C.

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed this 4th day of December, 2020, to all parties on the Commission's service list in these cases.

/s/ Diana M. Plescia