

Exhibit No.:  
Issue: Transource; Retail v. Wholesale ROE  
Witness: Buck Reuter  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Evergy Missouri West  
Case No.: ER-2024-0189  
Date Testimony Prepared: February 2, 2024

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NOS.: ER-2024-0189**

**DIRECT TESTIMONY**

**OF**

**BUCK REUTER**

**ON BEHALF OF**

**EVERGY MISSOURI WEST**

**Kansas City, Missouri  
February 2024**

**DIRECT TESTIMONY**

**OF**

**BUCK REUTER**

**Case No. ER-2024-0189**

1 **Q: Please state your name and business address.**

2 A: My name is Buck Reuter. My business address is 818 S. Kansas Avenue, Topeka,  
3 Kansas.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy Kansas Central, Inc. and serve as Lead Regulatory  
6 Analyst for Evergy Kansas Central, Inc. d/b/a as Evergy Missouri Metro (“Evergy  
7 Missouri Metro”), Evergy Missouri West, Inc. d/b/a Evergy Missouri West  
8 (“Evergy Missouri West”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro  
9 (“Evergy Kansas Metro”), and Evergy Kansas Central, Inc. and Evergy South, Inc.,  
10 collectively d/b/a as Evergy Kansas Central (“Evergy Kansas Central”) the  
11 operating utilities of Evergy, Inc.

12 **Q: Who are you testifying for?**

13 A: I am testifying on behalf of Evergy Missouri West.

14 **Q: What are your responsibilities?**

15 A: My current responsibilities include the application of the transmission formula rates  
16 for all Evergy operating companies.

1 **Q: Please describe your education, experience and employment history.**

2 A: In 2000, I received a Bachelor of Science Degree in Accounting from Washburn  
3 University. In 2002, I completed my Master of Business Administration Degree  
4 from Washburn University. I am a Certified Public Accountant holding a certificate  
5 in the State of Kansas. In 2000, I started as an intern at Western Resources (which  
6 later became Westar Energy and in 2018 merged with Great Plains Energy to form  
7 Evergy). Throughout my 20 plus years of utility experience, I have held varying  
8 positions of increasing responsibilities in Accounting, Marketing, Transmission  
9 Operations and Regulatory Affairs. In October 2021, I joined the Regulatory  
10 Affairs department responsible for the coordination, preparation and filing of all of  
11 Evergy's Transmission Formula Rate templates.

12 **Q: Have you previously testified in a proceeding at the Missouri Public Service  
13 Commission ("MPSC" or "Commission") or before any other utility  
14 regulatory agency?**

15 A: No.

16 **Q: What is the purpose of your testimony?**

17 A: The purpose of my testimony is to provide support on accounting adjustments R-  
18 80 and CS-108.

19 **I. R-80 TRANSMISSION REVENUE – ROE**

20 **Q: Please explain adjustment R-80.**

21 A: This adjustment provides for the Company's retail customers to bear responsibility  
22 for the return on transmission rate base at the MPSC-authorized level. Essentially,  
23 the adjustment reduces the amount of transmission revenue that is credited against

1 the gross transmission revenue requirement so that the adjusted revenue credit is  
2 consistent with the Company's allowed ROE rather than the ROE allowed by the  
3 Federal Energy Regulatory Commission ("FERC").

4 **Q: Please describe the calculation of this adjustment.**

5 A: The Company has a transmission formula rate ("Formula Rate") on file with the  
6 FERC that is updated each year to determine the revenue requirement and rate level  
7 for transmission service provided through the Southwest Power Pool, Inc. ("SPP")  
8 Open Access Transmission Tariff ("OATT"). The ROE allowed by the FERC in  
9 the Formula Rate is 11.1 percent. However, the ROE requested by the Company in  
10 this case is 10.5 percent. The first step in calculating the adjustment is to determine  
11 the difference between the annual revenue requirement in the Formula Rate when  
12 the ROE is set at 11.1 percent and the annual revenue requirement when the ROE  
13 is set at 10.5 percent. This difference is divided by the annual revenue requirement  
14 at 11.1 percent to derive an adjustment percentage. This should be adjusted for the  
15 final ROE determined by the Commission in this case.

16 **Q: Please continue with the further steps required.**

17 A: The next step is to determine the amount of transmission revenue received by  
18 Evergy Missouri West that is derived through application of the Formula Rate in  
19 charging wholesale customers for transmission service. The preponderance of this  
20 revenue is collected as a result of service provided under the SPP OATT. A further  
21 calculation is made to exclude the portion of the revenue attributable to service that  
22 Evergy Missouri West paid for as a transmission customer. Because those service  
23 charges are included in the retail cost-of-service not only as revenue credits but also

1 as expenses under Account 565, those amounts are removed from the revenue  
2 adjustment so that the costs borne by retail customers reflect the overall ROE level  
3 of 10.5 percent. The remaining revenue, after the above-described adjustments,  
4 essentially represents the portion based on the Formula Rate that is derived from  
5 sources other than Evergy Missouri West. This revenue is then multiplied by the  
6 ROE adjustment percentage described above to arrive at the final adjustment  
7 amount. This adjustment applies transmission revenues related to both the  
8 Company's Base Plan projects, which were built under the direction of SPP, and to  
9 the Company's legacy zonal projects, which were built under the Company's own  
10 initiative. The result is a reduction in the revenue credits for Evergy Missouri West.

11 **Q: Please explain why this adjustment R-80 is necessary.**

12 A: Absent this adjustment, the effective ROE included in retail rates for transmission  
13 assets would be less than that authorized by the MPSC. This effect is exacerbated  
14 as the spread widens between the FERC-authorized ROE of 11.1% and the MPSC-  
15 authorized ROE.

## 16 **II. CS-108 TRANSOURCE CWIP/FERC INCENTIVES**

17 **Q: Please explain why Evergy Missouri West is making this adjustment.**

18 A: Evergy Missouri West is making this adjustment to comply with conditions of the  
19 MPSC Report and Order in Case No. EA-2013-0098. The Commission Order  
20 stated in Appendix 4: Consent Order, page 28:

21 With respect to transmission facilities located in EMW [Evergy  
22 Missouri West] certificated territory that are constructed by  
23 Transource Missouri that are part of the Iatan-Nashua and Sibley-  
24 Nebraska City Projects, EMW agrees that for ratemaking purposes  
25 in Missouri the costs allocated to EMW by SPP will be adjusted by  
26 an amount equal to the difference between: (a) the SPP load ratio

1 share of the annual revenue requirement for such facilities that  
2 would have resulted if EMW’s authorized ROE and capital structure  
3 had been applied and there had been no CWIP (if applicable) or  
4 other FERC Transmission Rate Incentives, including but not limited  
5 to Abandoned Plant Recovery, recovery on a current basis instead  
6 of capitalizing pre-commercial operations expenses and accelerated  
7 depreciation, applied to such facilities; and (b) the SPP load ratio  
8 share of the annual FERC-authorized revenue requirement for such  
9 facilities. EMW will make this adjustment in all rate cases so long  
10 as these transmission facilities are in service.

11 **Q: Please explain adjustment CS-108.**

12 A: Adjustment CS-108 reflects a change to Account 565 -Transmission of Electricity  
13 by Others that represents the difference between Evergy Missouri West’s SPP load  
14 ratio share allocation of Transource Missouri’s annual transmission revenue  
15 requirement (“ATRR”) for the Iatan-Nashua and Sibley-Nebraska City Projects and  
16 Evergy Missouri West’s SPP load ratio share allocation of the ATRR for the Iatan-  
17 Nashua and Sibley-Nebraska City Projects if it had been calculated utilizing Evergy  
18 Missouri West’s MPSC-authorized ROE and capital structure and did not include  
19 the FERC-authorized rate treatments and incentives listed above.

20 **Q: Is adjustment CS-108 still necessary?**

21 A: When the agreement was reached, this adjustment reduced retail revenue  
22 requirement. Now, adjustment CS-108 provides an immaterial increase to the  
23 revenue requirement and is not worth the effort to prepare and review for each rate  
24 case going forward. This is demonstrated in the adjustment in this case for Evergy  
25 Missouri West amounting to \$85,681. The adjustment will continue to decline in  
26 the future as the projects depreciate in value. Evergy Missouri West proposes that  
27 this adjustment be eliminated going forward.

1 Q: Does that conclude your testimony?

2 A: Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Evergy Missouri West, Inc. d/b/a )  
Evergy Missouri West's Request for Authority to ) Case No. ER-2024-0189  
Implement A General Rate Increase for Electric )  
Service )

**AFFIDAVIT OF BUCK REUTER**

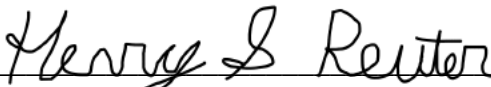
**STATE OF MISSOURI** )  
) ss  
**COUNTY OF JACKSON** )

Buck Reuter, being first duly sworn on his oath, states:

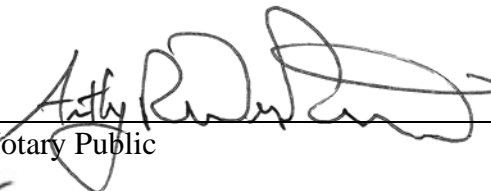
1. My name is Buck Reuter. I work in Kansas City, Missouri, and I am employed by Evergy Kansas Central, Inc. and serve as Lead Regulatory Analyst.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri West consisting of six (6) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
Henry "Buck" Reuter

Subscribed and sworn before me this 2<sup>nd</sup> day of February 2024.

  
Notary Public

My commission expires: 4/26/2025

