

**Generation Formula Rate (GFR) Template
Worksheet J, Refunds and Surcharges
Contract Year Beginning 06/01/2023**

GFR Adjustments, Evergy Kansas Central (EKC) and Evergy Kansas South (EKS)

A. Final Response to GFR KEPCo Informal Challenge Letter, November 29, 2021, Issue 1, Prepayments.

Reference KEPCo DR 9.1.3 from the 2022 GFR Annual Update.

Originally, the adjustment provided in Worksheet J in the 2021 GFR Annual Update posted on 6/1/2022 was for interest only amounting to \$1,569.60. This correction removes all COLI prepayments from both the beginning and ending balance for Contract Year with rates effective June 1, 2021 (calendar year 2020 data), less the amount of interest of \$1,569.60 that was refunded previously.

B. Refunds and Surcharges Relating to Resolution of Issues Raised in the 2022 Annual Update

1) KEPCo Informal Challenge Issue No. 2a.

Item 3, Rate Base, KEPCo DR No. 2.1.1 and 2.1.5(c), regarding work order S19423801 in the amount of \$102,033.48 was incorrectly recorded to FERC Account No. 398. An adjustment was made to reflect the removal from EKC General Plant Account 398 and added to a Production Plant Account.

Item 4, Dem Rel Exp, adjustment to reflect the removal of \$5,583.78 of depreciation expense recorded to EKC General plant and add \$3,217.46 of depreciation expense to EKC Production plant.

2) KEPCo Informal Challenge Issue No. 2b.

Item 3, Rate Base, KEPCo DR No. 2.1.1, 2.1.10 and 2.1.22 regarding work order W000501654 recorded to Nuclear Plant Account 325. An adjustment was made to remove \$871,786.82 from EKS's Nuclear Plant Account 325 and moved to EKS Intangible Plant Account 303.

Item 4, Dem Rel Exp, adjustment to reflect the removal of \$19,498.78 of depreciation expense recorded to EKS Production plant and add \$159,827.58 of depreciation expense to EKS Intangible plant.

3) KEPCo Informal Challenge Issue No. 2d

Wrksht. A (EKC) and Wrksht. B (EKS), KEPCo DR No. 9.1.3(c), Evergy agrees that Reserves should be allocated based on the underlying expense allocator and that ADIT should use that same allocator. Other Reserves and Acct 190: Property Insurance; Injuries & Damages; Environmental & General Tax, removed from Plant Related column and included in Labor Related column.

4) KEPCo Informal Challenge Issue No. 2e.

Item 3, Rate Base, this adjustment reflects the removal of all COLI-related expense from Prepaid account, from both beginning (2020) and ending (2021) balances amounting to \$1.8 million (EKC) and \$1.4 million (EKS), and \$226K (EKC) and \$962K (EKS); respectively.

**Generation Formula Rate (GFR) Template
Worksheet J, Refunds and Surcharges
Contract Year Beginning 06/01/2023**

5) KEPCo Informal Challenge Issue No. 2g.

Wrksht A, KEPCo reference to KEPCo 2021 Challenge Letter, Issue 3(b), removal of ADIT related to CIAC and Customer Advances from that aggregation and apply the 100% NonGeneration Related allocator to those balances. This adjustment reflects the removal of the Advances for Construction ADIT of \$3,881.13 out of Liberalized Depreciation and into the Customer Advances ADIT line item, FERC Account No. 282.

6) KEPCo Informal Challenge Issue No. 3a

Item 4, Dem Rel Exp, KEPCo DR No. 5.2.10(a), 2021 FERC Form No. 1 for EKC and EKS indicate the companies incurred \$309,520 and \$440,970 of EPRI costs, respectively, recorded in FERC Account No. 930.210. An adjustment was made to remove the above amounts recorded in Account 930.210 and follow a similar methodology in future annual updates.

7) KEPCo Informal Challenge Issue No. 3b.

Item 4, Dem Rel Exp, Payments-in-Lieu-of-Taxes recorded to FERC Account No. 549, KEPCo DRs 5.2.21 and 5.1.18. An adjustment was made to reflect the removal of \$177,962.18 (EKC) recorded to Acct 549 related to Western Plains Wind PILOT payments and include in 408.1.

8) KEPCo Informal Challenge Issue No. 4a.

Reference Item A above relating to the removal of all COLI prepayments from both the beginning and ending balance for Contract Year effective June 1, 2021 based on calendar year 2020 data.

C. Implementation of FERC Order in Docket No. ER23-431

Implementation of FERC Order (182 FERC ¶ 61,007) modifying calculation of equity structure under the GFR with effective date of January 15, 2023 provides a refund of \$2,737,989 to customers, with interest.

D. Implementation of FERC Orders in Docket No. EL21-18-000

Item 2, Demand Chg Calc and Item 4, Demand Related O&M Expenses - 2019 Cancelled Projects:

- The 2019 cancelled projects were included as a refund with interest on Worksheet J in the 2021 GFR Annual Update, with rates effective June 1, 2021.
- In an October 3, 2022 Order (181 FERC ¶ 61,002), FERC found that amounts Evergy had previously refunded “may [be] reclassify[ied]... from below-the-line Account 426.5 to the appropriate operating expense account,” and that EKC had not been required to submit refunds (¶ 37). Therefore, Evergy made the appropriate reclasses and resubmitted its 2019 FF1's on November 23, 2022.

**Generation Formula Rate (GFR) Template
Worksheet J, Refunds and Surcharges
Contract Year Beginning 06/01/2023**

- Because the amounts had previously been incorrectly refunded, an adjustment has been included to account for Evergy’s reclassification, consistent with FERC’s order.
- Inclusion of 2019 cancelled projects in FERC account 506 amounts to \$2,008,311 in Net Current – Year Capacity Revenue Requirement, plus interest.

Item 2, Demand Chg Calc and Item 4, Demand Related O&M Expenses – Refunds of Regulatory Asset Amortizations:

- In an October 3, 2022 Order (181 FERC ¶ 61,002), FERC directed EKC to “remove these amounts [i.e., regulatory asset amortization expense] from the GFR inputs for the 2020 Annual Update, and, to the extent it has not done so, provide refunds in accordance with section III.4 of the Protocols.” (¶ 39)
- Refund of regulatory asset amortization expense amounting to \$3,758,776, plus interest, to implement FERC directive.

E. Correction from 2021 Annual Update relating to EL21-18-000 Orders and Recovery of 2020 Cancelled Projects

Item 2, Demand Chg Calc and Item 4, Demand Related O&M Expenses –

- Per Evergy’s original understanding of FERC Order issued on April 15, 2021 (175 FERC ¶ 61,044), Evergy made topside entries to its 2020 EKC and EKS FERC Form 1’s that were filed on May 28, 2021 to reflect the 2020 cancelled project amounts in FERC Account No. 426.5.
- Evergy refiled its 2020 FERC Form 1’s for EKC and EKS on January 31, 2023 reflecting adjustments to move the 2020 cancelled projects back to the appropriate above-the-line operating or A&G expense accounts, consistent with FERC’s later clarified rulings in August 2021 (176 FERC ¶ 61,083) and October 2022 (181 FERC ¶ 61,002). In the latter order, FERC made clear that Evergy’s “original interpretation that these cancelled construction costs were not recoverable was incorrect.” (¶ 37)
- Inclusion of 2020 Cancelled Projects in FERC accounts 506, 512, 524 and 935 Expenses amounts to \$812,074 in Net Current – Year Capacity Revenue Requirement, plus interest.

Item 5, VOM & OSSM –

- Inclusion of 2020 Cancelled Projects results in an adjustment to Variable O&M Revenue Requirement of \$303,032, plus interest.

F. Removal of EPRI Dues

Item 2, Demand Chg Calc and Item 4, Demand Related O&M Expenses -

**Generation Formula Rate (GFR) Template
Worksheet J, Refunds and Surcharges
Contract Year Beginning 06/01/2023**

- Adjustment made to remove current year EPRI dues for the 2022 calendar year amounting to \$409,502.
- Per email communication dated November 11, 2022, Evergy agrees to reduce the amounts recorded in Account 930.2 for 2022 EPRI expense. Because this is a current-year modification, no interest is owed.