MISSOURI COURT OF APPEALS
WESTERN DISTRICT

IN THE MATTER OF THE APPLICATION OF EVERGY MISSOURI WEST INC D/B/A EVERGY MISSOURI WEST FOR A FINANCING ORDER AUTHORIZING THE FINANCING OF EXTRAORDINARY STORM COSTS THROUGH AN ISSUANCE OF SECURITIZED UTILITY TARIFF BONDS, MISSOURI PUBLIC SERVICE COMMISSION, RESPONDENT; EVERGY MISSOURI WEST INC., RESPONDENT,
v.
OFFICE OF PUBLIC COUNSEL, APPELLANT.

DOCKET NUMBER WD85958

DATE: September 26,2023

Appeal From:

Public Service Commission

Appellate Judges:

Division Four: Gary D. Witt, Chief Judge, Presiding, Cynthia L. Martin, Judge, and Chad Gaddie, Special Judge

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Attorneys:

Jennifer Leigh Heintz, Jefferson City, MO and Roger William Steiner, Kansas City, MO

for respondents.

Lindsay Marie Vangerpen, Jefferson City, MO for appellant.

MISSOURI APPELLATE COURT OPINION SUMMARY

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IN THE MATTER OF THE APPLICATION OF EVERGY MISSOURI WEST INC D/B/A EVERGY MISSOURI WEST FOR A FINANCING ORDER AUTHORIZING THE FINANCING OF EXTRAORDINARY STORM COSTS THROUGH AN ISSUANCE OF SECURITIZED UTILITY TARIFF BONDS, MISSOURI PUBLIC SERVICE, COMMISSION, RESPONDENT; EVERGY MISSOURI WEST INC., RESPONDENT,

v.

OFFICE OF PUBLIC COUNSEL, APPELLANT.

WD85958 Public Service Commission

Before Division Four: Gary D. Witt, Chief Judge, Presiding, Cynthia L. Martin, Judge, and Chad Gaddie, Special Judge

The Office of the Public Counsel appeals from an Amended Report and Order issued by the Public Service Commission of the State of Missouri which granted Evergy Missouri West, Inc. d/b/a Evergy Missouri West the authority pursuant to section 393.1700 to issue securitized utility tariff bonds to recover extraordinary costs associated with a winter storm. OPC argues that the PSC's calculation of qualified extraordinary costs that could be securitized is unreasonable because: (i) the extraordinary costs should have been offset by a tax deduction Evergy West received; (ii) carrying costs should have been calculated using a short-term debt rate instead of a long-term debt rate; and (iii) the wrong discount rate was used to analyze the net present value of recovery through securitization. OPC also complains that the PSC's Amended Report and Order is unlawful because it failed to sufficiently describe a statutorily required reconciliation process.

AFFIRMED

Division Four holds:

1. It was not unreasonable for the PSC to reject OPC's proposal to offset the amount of Evergy West's qualified extraordinary expenses by an available tax deduction in lieu of a reasonable alternative proposal offered by Evergy West and supported by Staff that contemplated consideration of the tax deduction in future rate cases.

2. The PSC's amended report and order did not unlawfully fail to specify that a reconciliation process would take place in future rate cases as required by section 393.1700.

3. It was not unreasonable for the PSC to calculate carrying costs included in Evergy West's qualified extraordinary costs by using a long-term debt rate instead of a short-term debt rate as its determination was supported by factual findings that are not challenged by OPC.

4. It was not unreasonable for the PSC to use the same discount rate to analyze recovery through securitization as the discount rate used to analyze recovery through customary ratemaking where the record confirms that any combination of proposed discount rates would have permitted the PSC to make a required finding that securitization is expected to provide quantifiable net present value benefits to customers as compared to recovery of the components of the securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds.

Opinion by: Cynthia L. Martin, Judge September 26, 2023

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