

Exhibit No. 326P

Exhibit No.: _____
Issue(s): Rate Case Expense/Management
Expense Charges
Witness/Type of Exhibit: Weathers/Rebuttal
Sponsoring Party: Public Counsel
Case No.: ER-2022-0129 and ER-2022-0130

REBUTTAL TESTIMONY

OF

CASSIDY WEATHERS

Submitted on Behalf of the Office of the Public Counsel

**EVERGY METRO, INC. D/B/A
EVERGY MISSOURI METRO
AND
EVERGY MISSOURI WEST, INC. D/B/A
EVERGY MISSOURI WEST**

CASE NOS. ER-2022-0129 AND ER-2022-0130

** **
Denotes Confidential information that has been redacted

July 13, 2022

PUBLIC

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

In the Matter of Evergy Metro, Inc. d/b/a Evergy)	
Missouri Metro’s Request for Authority to)	<u>Case No. ER-2022-0129</u>
Implement a General Rate Increase for Electric)	
Service)	


In the Matter of Evergy Missouri West, Inc. d/b/a)	
Evergy Missouri West’s Request for Authority to)	<u>Case No. ER-2022-0130</u>
Implement a General Rate Increase for Electric)	
Service)	

AFFIDAVIT OF CASSIDY WEATHERS

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Cassidy Weathers, of lawful age and being first duly sworn, deposes and states:

1. My name is Cassidy Weathers. I am a Utility Regulatory Auditor for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Cassidy Weathers
Utility Regulatory Auditor

Subscribed and sworn to me this 13th day of July 2022.



TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121


Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

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REBUTTAL TESTIMONY

OF

CASSIDY WEATHERS

EVERGY MISSOURI METRO

CASE NO. ER-2022-0129

EVERGY MISSOURI WEST

CASE NO. ER-2022-0130

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. Cassidy Weathers, PO Box 2230, Jefferson City, Missouri 65102.

4 **Q. Are you the same Cassidy Weathers that filed direct testimony in this case on behalf of**
5 **the Office of the Public Counsel (“OPC”)?**

6 A. Yes.

7 **Q. What is the purpose of this rebuttal testimony?**

8 A. The purpose of this rebuttal testimony is to provide and explain my adjustments for rate case
9 expense and management expense charges. I will also respond to Mr. Jared Giaccone from
10 Public Service Commission Staff (“Staff”) about his adjustments to rate case expense and
11 management expense charges.

12 **II. RATE CASE EXPENSE**

13 **Q. Have you finished reviewing rate case expenses for the test year through the update**
14 **period?**

15 A. Yes.

1 **Q. What is your current adjustment to rate case expense for Evergy Missouri Metro**
2 **(“Metro”) and Evergy Missouri West (“West”)?**

3 A. My current rate case expense adjustment for Metro is a reduction of \$64,099.10 and a
4 \$27,264.06 reduction for West to Account 928.002 in the income statements. These
5 adjustments are based on the numbers in the *Rate Case Expense Vouchers through Dec 2021*
6 Excel spreadsheets. These spreadsheets are a response from Evergy Missouri Metro and
7 Evergy Missouri West (collectively “Evergy”) to Staff data request (“DR”) 0092.

8 **Q. Can you explain your adjustments further?**

9 A. Yes. I found an entry error on Metro’s and West’s *Rate Case Expense Vouchers through Dec*
10 *2021* Excel spreadsheets, that I mentioned in my direct testimony.¹ With that error, I corrected
11 the rate case expense total for Metro and West by subtracting \$9,675 from each total. I
12 subtracted depreciation study and line loss study expenses from the correct total. Depreciation
13 study and line loss study expenses are required to be performed every five years according to
14 statute and these items are not split between the utility and ratepayers. These are subtracted to
15 get a subtotal to do a 50/50 split (sharing methodology). The subtotal was divided by 2 and
16 depreciation study and line loss study expenses were added to one half of the 50/50 split. I got
17 a normalization total that I divided by four years to get an annual amount. The difference
18 between the annual total and the expenses incurred during the test year equals to my
19 adjustment. My adjustment for Metro and West is represented and broken-down in my work
20 paper, which is included as schedule CW-R-1.

¹ ER-2022-0129/ER-2022-0130, Cassidy Weathers’ Direct Testimony, page 4, lines 9-14

1 **Q. Do you have any additional comments about your adjustments?**

2 A. Yes. This is my current rate case expense adjustment based on the test year through the update
3 period of December 31, 2021. I will analyze the rate case expenses incurred during the true-
4 up period and update my adjustment later in the case.

5 **Q. Do you agree with Mr. Jared Giacone from Staff regarding a four-year normalization**
6 **of rate case expense?**

7 A. Yes.

8 **Q. Why?**

9 A. I reviewed previous rate cases to familiarize myself with Staff and the OPC rate case expense
10 recommendations. From what I read, this expense is not amortized for ratemaking purposes
11 and is usually normalized. The number of years between rate cases is generally how rate case
12 expense is estimated, in this case Staff chose four years. In Mr. Giacone's direct testimony,²
13 he states:

14 *Typically, this cost is not "amortized" for ratemaking purposes, and the*
15 *utility's recovery of this expense in rates is not tracked against its actual rate*
16 *case expense for consideration of over or under recovery.*

17 I agree with this explanation of why normalizing rate case expense is more acceptable than
18 amortizing the expense because of the possibility of over or under recovery.

² ER-2022-0129/ER-2022-0130, Jared Giacone's Direct Testimony, page 23, lines 1-3

1 **III. MANAGEMENT EXPENSE CHARGES**

2 **Q. Have you finished your review of the management expense charges?**

3 A. Yes.

4 **Q. What is your adjustments to management expense charges for Metro and West?**

5 A. My adjustment to the test year is a \$338,796.29 reduction to Account 921 in Metro's income
6 statement and a reduction of \$151,238.14 to Account 921 in West's income statement.

7 **Q. Please explain the disallowances you made to management expense charges.**

8 A. The type of management expenses I disallowed are:

- 9 1. Any expenses that do not help ratepayers receive reliable service and should be
10 expensed to shareholders rather than ratepayers.
- 11 2. Any expenses that should not be allocated to Missouri.
- 12 3. Any expenses over \$25 without a receipt.
- 13 4. Personal expenses.
- 14 5. Any expenses that are not in the journal.
- 15 6. Meal charges with no itemized receipt with a very high charge.³
- 16 7. Meetings over a meal in Kansas City that could have been done in the office.

³ I disallowed meal charges that were over \$100 for an individual person to be defined as a very high charge. With no itemized receipt to provide context on the high charge, it can be assumed that alcohol was purchased and consumed. Also, viewing the menus from these restaurants, meals seem to average about \$50-\$65 a person. Ratepayers should not be paying for Every officers eating expensive steak and drinking alcohol.

1 **Q. Can you explain your adjustments further?**

2 A. Yes. I calculated a total amount of inappropriate and excessive charges of 15 officers for the
3 test year in this rate case. I divided this total amount by 12 (number of months for the test
4 year) to get an average monthly excess and divided that excess by the 15 officers to get an
5 average excessive charge per management employee. In OPC DR 1208, Evergy responded
6 with a total number of managers and I multiplied the total number of managers to the average
7 excessive charge per management employee. That new total gave me a monthly total of
8 excessive charges that I multiplied by 12 to get an annual amount. I used the average Metro
9 (listed as KCPL) and West (listed as GMO) allocation factors of the general allocator and
10 Massachusetts formula. The average allocation factor was multiplied to the annual excessive
11 charges to get an allocated excessive charge total for Metro and West. I used the same process
12 to get an Evergy (listed as EVRG) allocated excessive charge total that I divided by 2 to add
13 to the Metro and West allocated excessive charges. My adjustment for Metro and West is
14 represented and broken-down in my work paper, which is included as schedule CW-R-2.

15 **Q. Where did you find the allocation factors?**

16 A. The general allocation factors and the Utility Massachusetts Formula allocation factors are
17 from Evergy responses to Staff DR 0014.

18 **Q. Did Mr. Giacone from Staff make adjustments for management expenses?**

19 A. Yes. Evergy made an adjustment, CS-11,⁴ which listed items that should have been recorded
20 below-the-line, or disallowed for recovery. Mr. Giacone used the allocated management

⁴ ER-2022-0129/ER-2022-0130, Evergy CS-11 Adjustment Work paper and OPC DR 1207 Response

1 expense adjustments listed in CS-11, but failed to make an adjustment for the additional
2 imprudent and excessive management expenses that are still above-the-line.⁵

3 **Q. Did you remove the CS-11 management expense adjustment from your adjustment?**

4 A. Yes.

5 **Q. Do you have any comments you would like to make in regards to your direct testimony**
6 **in this case?**

7 A. Yes. I wrote on some above-the-line expenses that violated the reimbursement and supply
8 chain management procurement policies and realized I made an error. Some of the meal
9 expenses with high charges and no itemized receipts that were averaged in my violation
10 example had an expense and transaction date for May and June 2020, which is dated prior to
11 the test year. The other violation examples I listed are relevant to the twelve months ending
12 June 2021 test year. I did review and update all inappropriate and excessive charges to exclude
13 any expenses charged before the test year.

14 **Q. What is your updated violation example of the meal expenses with high charges and no**
15 **itemized receipts from your direct testimony?**

16 A. My updated violation example from my direct testimony is:

17 ** _____
18 _____
19 _____
20 _____ **

⁵ ER-2022-0129/ER-2022-0130, Jared Giaccone's Direct Testimony, page 25, lines 5-6 & 8-9

Rebuttal Testimony of
Cassidy Weathers
Case No. ER-2022-0129 & ER-2022-0130

1 **Q. Does this conclude your testimony?**

2 A. Yes.