

Exhibit No. 102

Staff – Exhibit 102
Robin Kliethermes
Rebuttal Testimony
File No. EU-2020-0350
Aug. 17, 2020

Exhibit No.: 102
Issue: *Lost Revenue Calculation*
Witness: *Robin Kliethermes*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *EU-2020-0350*
Date Testimony Prepared: *August 17, 2020*

MISSOURI PUBLIC SERVICE COMMISSION

TARIFF/RATE DESIGN DEPARTMENT

INDUSTRY ANALYSIS DIVISION

REBUTTAL TESTIMONY

OF

ROBIN KLIETHERMES

**EVERGY METRO, INC., d/b/a EVERGY MISSOURI METRO and
EVERGY MISSOURI WEST, INC., d/b/a EVERGY MISSOURI WEST**

CASE NO. EU-2020-0350

Jefferson City, Missouri
August 2020

1 **REBUTTAL TESTIMONY OF**

2 **ROBIN KLIETHERMES**

3 **EVERGY METRO, INC., d/b/a EVERGY MISSOURI METRO and**
4 **EVERGY MISSOURI WEST, INC., d/b/a EVERGY MISSOURI WEST**

5 **CASE NO. EU-2020-0350**

6 Q. Please state your name and business address.

7 A. My name is Robin Kliethermes, and my business address is Missouri Public
8 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

9 Q. By whom are you employed and in what capacity?

10 A. I am employed by the Missouri Public Service Commission (“Commission”) as
11 the Regulatory Compliance Manager of the Tariff/Rate Design Department in the Industry
12 Analysis Division.

13 Q. Please describe your educational and work background.

14 A. Please see Schedule RK-r1.

15 Q. What is the purpose of your testimony?

16 A. The purpose of my rebuttal testimony is to respond to the lost revenue
17 calculation presented by Evergy Missouri Metro (“Evergy Metro”) and Evergy Missouri West
18 (“Evergy West”) (together, “Evergy” or “Companies”) witness Ronald A. Klote in his
19 direct testimony.

20 Q. Does Staff support including what Evergy is referring to as lost revenues in this
21 Accounting Authority Order (“AAO”)?

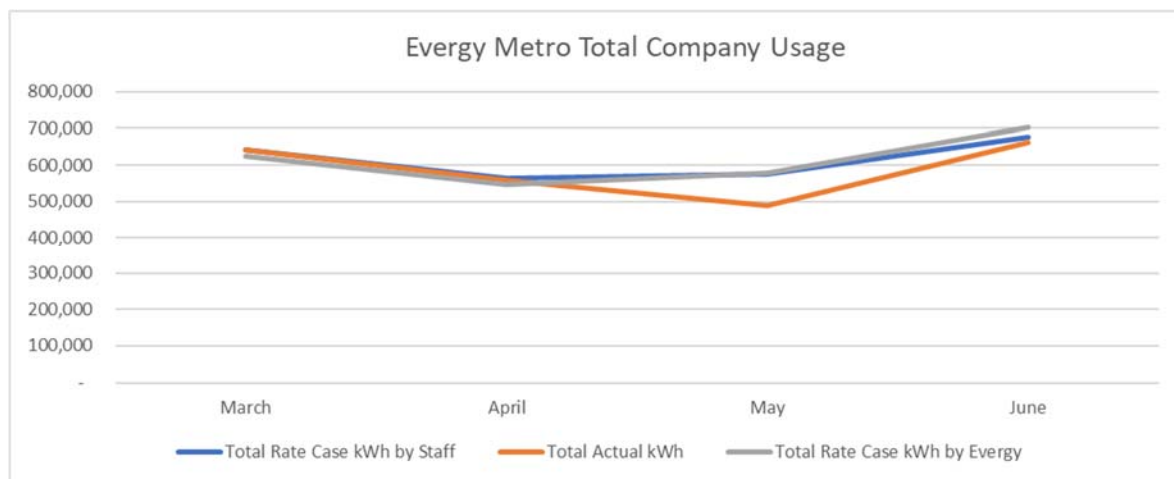
22 A. No, as further discussed by Staff witness Kimberly K. Bolin.

23 Q. Does Mr. Klote describe the Companies’ calculation for determining the level
24 of lost revenues?

1 A. Yes. On page 7 of Mr. Klote’s direct testimony he describes the calculation as
2 a comparison of billed monthly base retail revenue for residential, commercial and industrial
3 categories to monthly revenues determined in the last general rate case with some additional
4 adjustments. Mr. Klote states that the adjustments are generally to reflect weather
5 normalization, MEEIA savings, eliminate revenue from special contracts¹ and eliminate
6 revenue from customer growth.

7 Q. Did the Companies use the appropriate level of monthly kWh from the rate case
8 in the Companies proposed lost revenue calculation?

9 A. No. Although the total annual kWh Evergy Metro and Evergy West used in
10 their calculation matches the total approved kWh for both Companies, the allocation performed
11 by the Companies to derive monthly kWh does not match Staff’s workpaper that was used
12 in Case Nos. ER-2018-0145 and ER-2018-0146. The graph below provides a comparison
13 of Evergy Metro’s kWh per month from the rate case, Staff’s kWh per month from the rate
14 case and Evergy Metro’s actual kWh per month for March, April, May and June 2020, prior to
15 any adjustments.



¹ An adjustment to current revenue for special contract customers is only applicable to Evergy West.

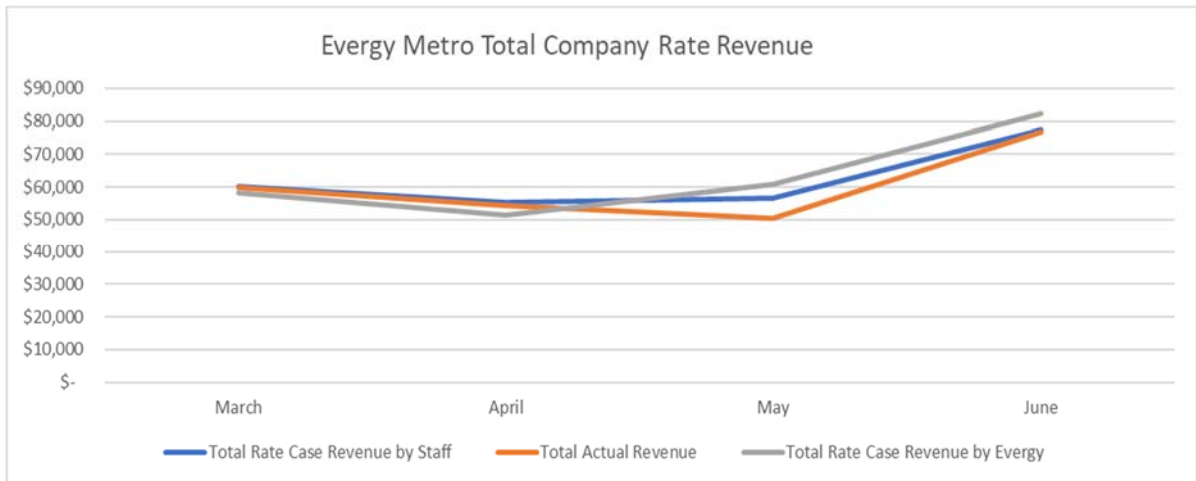
1 Although the monthly kWh from Evergy's last rate case used by Staff and
2 Evergy Metro is similar, there are differences, specifically in the month of June, which is
3 considered a summer month where tariff rates are higher.

4 Q. Did the Companies' misallocation of monthly kWh cause a misallocation of
5 annual revenue that was determined in the Companies' last rate cases?

6 A. Yes. Within its lost revenues calculation, the Companies did not actually
7 calculate monthly revenue using billing determinants from the last rate cases, but instead simply
8 used the percentage of usage per month to allocate the total annual approved revenue from the
9 last rate case to derive a monthly revenue amount. As mentioned above, the Companies
10 misallocated the monthly kWh from the rate case. The Companies used the misallocated
11 monthly kWh to then allocate total annual revenue to each month. The result of this allocation
12 is that the monthly rate case revenue that the Companies use in their proposed lost revenue
13 calculation does not match the level of monthly rate case revenue if the Company would have
14 derived revenue from the monthly billing determinants determined in the rate cases.

15 The existence of seasonal rates further complicates Evergy Metro's overly
16 simplistic and flawed allocation of annual rate case revenue. Evergy Metro's summer rates start
17 in the middle of a billing month, on May 16, and end in mid-September. Evergy Metro simply
18 allocated annual revenue from the rate case to the month of May by assuming 50% of the usage
19 was billed on summer rates and 50% of the usage was billed on winter rates. Unfortunately,
20 Evergy Metro's assumption is flawed because billing cycles are not based on calendar month.
21 The result of Evergy Metro's error is that the revenue for the billing months of May and June
22 are overstated and cause a higher perceived lost revenue value for those months than otherwise
23 should be shown in Evergy's calculation. The graph below provides a comparison of

1 Staff's monthly revenue from the last rate case, Evergy Metro's monthly revenue from the
2 last rate case and the actual revenues from March, April, May and June of this year, prior to
3 any adjustments.



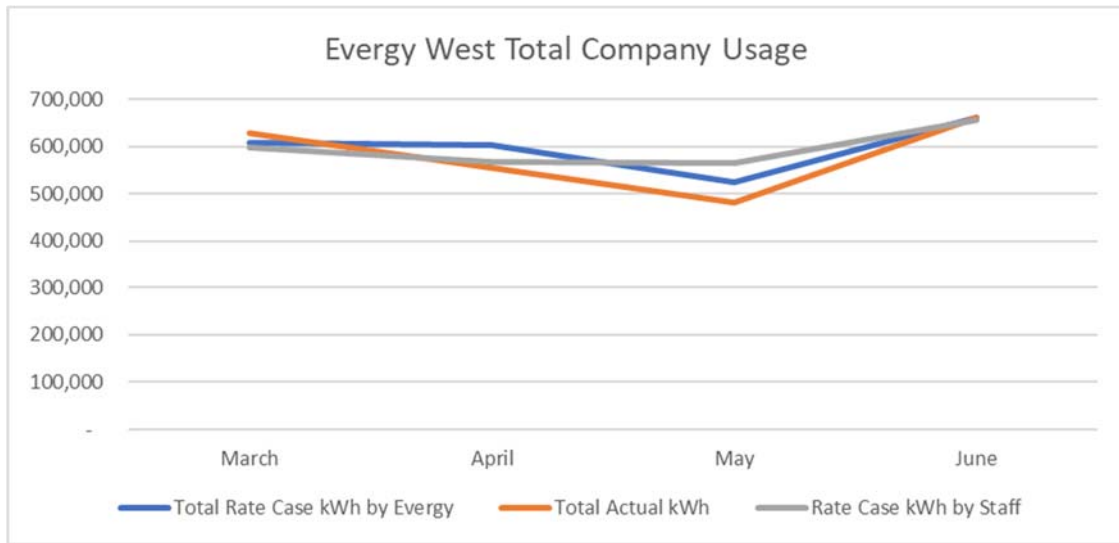
6 Q. Does Evergy West implement seasonal rates in the same manner as
7 Evergy Metro?

8 A. No. Evergy West's summer rates coincide with the start of a billing month rather
9 than mid-month. However, since Evergy West does not use Staff's rate case monthly billing
10 determinants that were used to derive the total settled upon billing determinants, Evergy West's
11 allocated monthly kWh and revenue does not match Staff's, as shown in the graphs below.²

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16 *continued on next page*

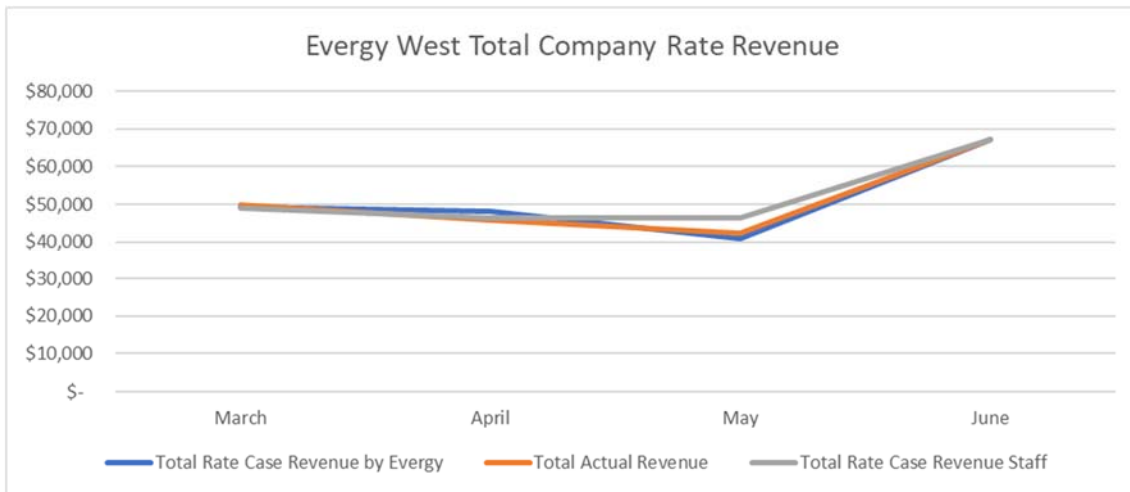
² The actual revenue shown in the graphs is prior to any adjustments.

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However, unlike Evergny Metro, Evergny West underestimated monthly revenue and usage for the month of May.

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Q. Is the change in kWh synonymous with the change in revenue?

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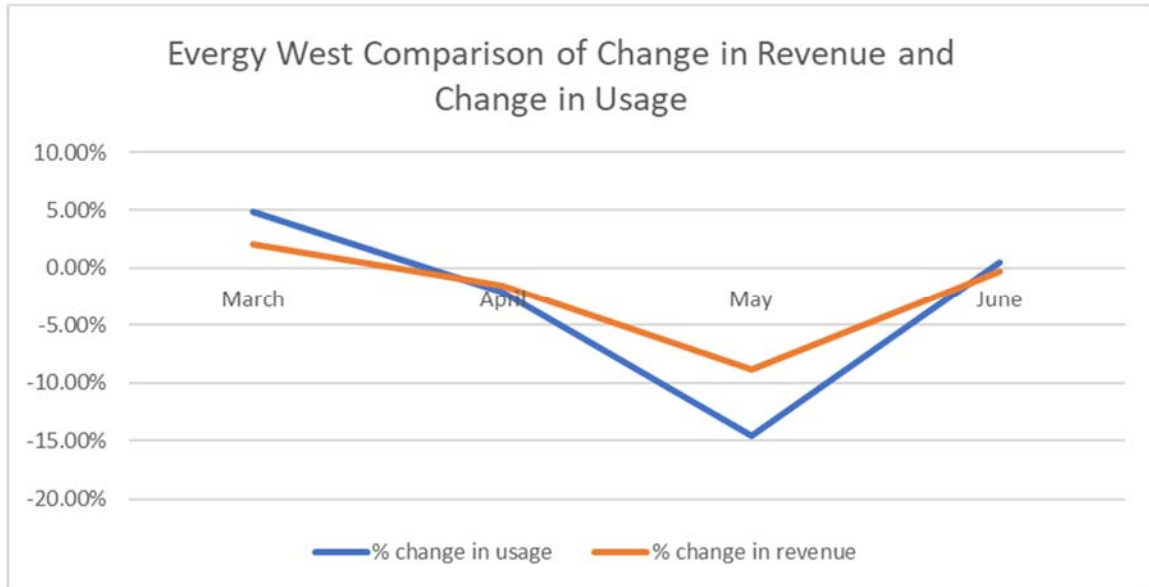
A. No. As shown in the graphs below, the percent change in revenue will not be to

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same degree as the percent change in kWh.³

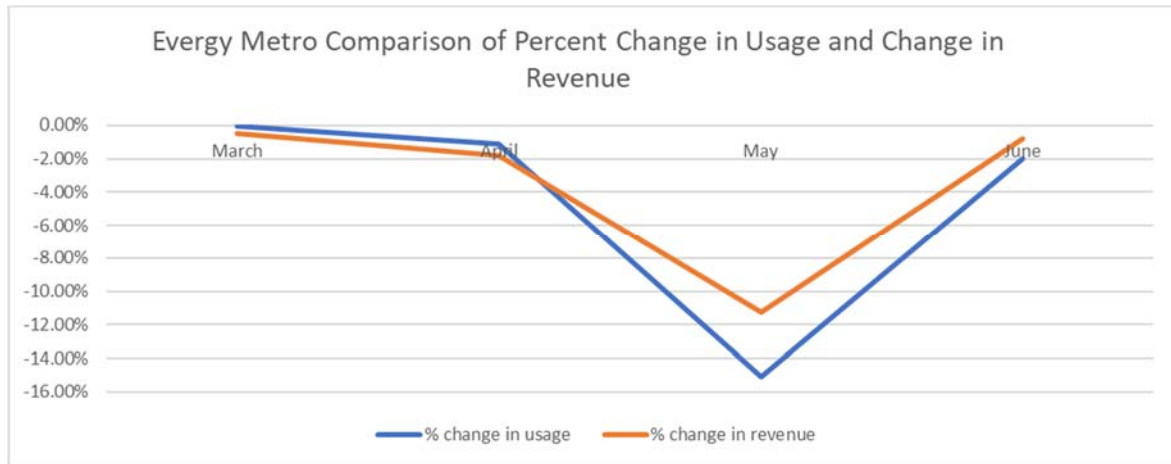
³ The use of seasonal rates, demand charges, customer charges and facilities charges impact the degree in which revenue will be impacted by a change in kWh.

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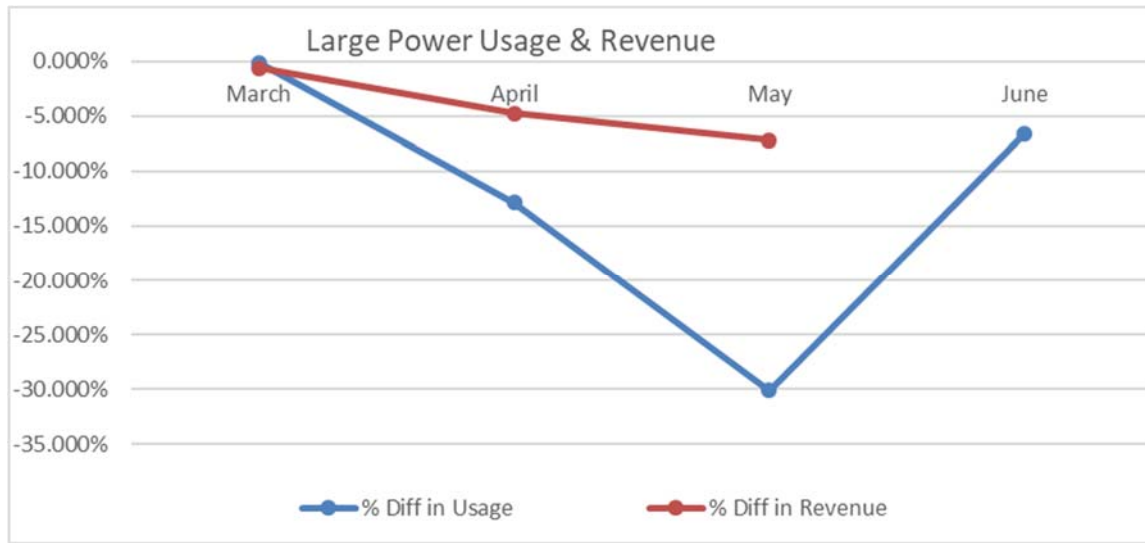
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On an individual rate class basis, the graph below shows the percent change in kWh compared to the percent change in revenue for Evergy West's LPS class.⁴

⁴ The difference in revenue represents the difference in Staff's monthly revenue determined in the rate case and the monthly revenue billed in March, April and May 2020. The difference in kWh represents the difference in Staff's monthly kWh determined in the rate case and the monthly billed kWh in March, April and May 2020. Currently, the Companies have not provided billing determinants in order to calculate revenue for the month of June.

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Q. Do the adjustments made by Evergy to the level of currently billed revenue for purposes of comparing the currently billed revenue to the revenue resulting from Evergy's last rate case result in the Companies receiving higher revenues than were authorized by the Commission in Evergy's last rate case?

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A. Yes. If the Commission approves Evergy's lost revenue calculation as proposed, the Companies will ultimately be credited with more retail rate revenue than was authorized by the Commission in Case Nos. ER-2018-0145 and ER-2018-0146. As mentioned above, Evergy made adjustments for weather normalization, MEEIA programs, usage from special contracts and customer growth. Specifically the adjustments for special contract customers and customer growth result in a decrease in the level of actual billed revenue since Evergy has experienced positive growth in kWh billed usage since the last rate case related to special contract customers and customer growth. Therefore, Evergy's lost revenue calculation results in Evergy retaining all additional revenues from customer growth and special contract customers since the last rate cases, while proposing to reflect decreases in revenue due to COVID incurred since the last

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1 Evergy rate cases. If the Commission authorizes the recovery of Evergy's proposed lost
2 revenues and the Companies retain all additional revenues due to growth and special contracts,
3 then the total retail rate revenue recovered will be greater than the retail rate revenue authorized
4 in Case Nos. ER-2018-0145 and ER-2018-0146, which could also cause a higher than
5 authorized ROE.

6 Q. For purposes of the lost revenue calculation, does Evergy evaluate each rate
7 class separately?

8 A. No. Evergy only uses three classifications in its calculation; Residential,
9 Commercial and Industrial. However, Evergy West's non-residential rate classes include Small
10 General Service ("SGS"), Large General Service ("LGS"), Large Power Service ("LPS") and
11 Special Contracts. Evergy Metro's classes are SGS, Medium General Service ("MGS"), LGS
12 and LPS. It is not clear from Evergy's calculation which non-residential customer classes are
13 included in the designation of Commercial or Industrial.

14 Further, each non-residential rate class includes three energy charge rate blocks,
15 demand charges and facility charges and the rates across the classes are different for the
16 different charge types. However, Evergy does not reflect the individual rates per charge type in
17 its calculation, but instead uses average rates (total revenue divided by total usage) to calculate
18 revenue for each adjustment. The use of average rates is not an accurate calculation of rate
19 revenue and is not consistent with how revenue adjustments and rate revenues are calculated in
20 a rate case, thus causing an inaccurate comparison.

21 Q. Did Evergy's customer growth adjustment consider the size requirements of the
22 different non-residential rate classes?

1 A. No. Evergy West's workpapers show that Evergy West had approximately 1,300
2 more non-residential customers per month than were present in its last rate case.⁵ To calculate
3 the usage associated with the additional 1,300 customers, the Companies simply multiply the
4 number of additional customers by an average monthly usage of 8.8 MWh or 8,800 kWh,
5 regardless of which rate class the customer is in. In Evergy West's last rate case, the SGS rate
6 class made up the largest non-residential rate class at approximately 36,000 customers. The
7 average monthly usage per customer was only approximately 2.6 MWh or 2,600 kWh per
8 month. The LGS rate class had approximately 1,300 customers and an average usage per
9 customer of 77 MWh or 77,000 kWh. The LPS rate class had approximately 185 customers
10 with an average usage per customer per month of 920 MWh or 920,000 kWh. Although, Evergy
11 West doesn't provide which rate class the additional customers are in, based on the number of
12 customers per class from the last rate case it is likely that the majority of the new customers are
13 in the SGS class, which has an average use per customer that is less than a third of the average
14 use per customer Evergy West used in its calculation. The same issues exist for Evergy Metro's
15 lost revenue calculation.

16 Q. Does Staff have concerns with Evergy's other adjustments to actual billed rate
17 revenue in its calculation of purported lost revenues?

18 A. Yes. Evergy's weather normalization adjustment was not calculated in the same
19 manner as was done in Evergy's last rate case. The method used by Evergy to calculate its
20 monthly adjustment in this case is overly simplistic and uses average monthly usage per class
21 instead of the detailed hourly load research data utilized in rate cases. The new model also uses

⁵ Evergy West also had approximately 10,000 more residential customers than its last rate case. Evergy Metro had approximately 1,600 more non-residential customers and approximately 6,000 more residential customers.

1 different regressors to estimate the impact of weather than the regression models that were used
2 in the rate case, which would naturally yield different results. Additionally, the Companies
3 calculated the revenue impact of the change in weather by using an average kWh rate for the
4 residential, commercial and industrial classes. However, these rate classes are not consistent
5 with Evergy Metro's or Evergy West's tariffed rate classes. As mentioned above, each of
6 Evergy's non-residential rate classes are defined by customer load requirements and have
7 different rates for the different charge types. Evergy also did not exclude demand revenue from
8 the calculation of the average rate, which causes the average kWh rate applied to the change in
9 usage due to weather to be higher than many energy charge rates in Evergy's currently effective
10 tariffs. In a rate case, only kWh usage and subsequently energy charge revenue is impacted by
11 weather normalization. Staff is concerned that Evergy's weather normalization adjustment is
12 overly simplistic, does not accurately capture the effects of weather, is not consistent with the
13 calculation used in Evergy's last rate case, and produces an inaccurate amount of usage and
14 revenue to be used as a comparison to the usage and revenue determined in Evergy's last general
15 rate case.

16 Lastly, Evergy adjusts actual billed kWh for MEEIA programs that have been
17 in place since the last rate case. However, Evergy's revenue adjustment only calculates the
18 revenue associated with the kWh adjustment at the margin rate and not the full tariffed rate.
19 In order to properly compare revenue changes between the last rate case and now, the full
20 tariffed rate should be used. As currently proposed by Evergy, the revenues associated with the
21 MEEIA kWh adjustment are under estimated.

1 **STAFF RECOMMENDATION**

2 Q. What is Staff's recommendation in this case?

3 A. Staff recommends that the Commission reject the Companies' lost revenue
4 calculation and find that there is no need to include any calculation for lost retail rate revenue
5 in a COVID-19 deferral. If the Commission finds that a lost revenue calculation is needed for
6 that purpose, Staff recommends that:

- 7 • Staff's rate case billing determinants per month per rate class should be
8 used to calculate monthly usage and revenue from Evergy West's and
9 Evergy Metro's last rate case;
- 10 • the calculation not include the removal of revenue related to customer
11 growth and special contracts;
- 12 • the weather normalization adjustment should be performed consistent
13 with the method used in Evergy West's and Evergy Metro's last rate case;
- 14 • the appropriate currently effective tariffed rate classes should be used
15 rather than the overly simplistic classifications of Commercial and
16 Industrial for non-residential customers; and
- 17 • the current tariff rates per charge type per rate class should be used to
18 calculate any revenue impacts.

19 Q. Does this conclude your testimony?

20 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Missouri Metro) Case No. EU-2020-0350
and Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West for an Accounting)
Authority Order Allowing the Companies)
to Record and Preserve Costs Related to)
COVID-19 Expenses)

AFFIDAVIT OF ROBIN KLIETHERMES

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COME NOW ROBIN KLIETHERMES and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Robin Kliethermes*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Robin Kliethermes
ROBIN KLIETHERMES

Robin Kliethermes

Present Position:

I am the Regulatory Compliance Manager of the Tariff and Rate Design Department, Industry Analysis Division, of the Missouri Public Service Commission ("Commission"). I have held this position since July 16th, 2016. I have been employed by the Commission since March of 2012. In May of 2013, I presented on Class Cost of Service and Cost Allocation to the National Agency for Energy Regulation of Moldova ("ANRE") as part of the National Association of Regulatory Utility Commissioners ("NARUC") Energy Regulatory Partnership Program. I am also a member of the Electric Meter Variance Committee.

Educational Background and Work Experience:

I have a Bachelor of Science degree in Parks, Recreation and Tourism with a minor in Agricultural Economics from the University of Missouri – Columbia in 2008, and a Master of Science degree in Agricultural Economics from the same institution in 2010. Prior to joining the Commission, I was employed by the University of Missouri Extension as a 4-H Youth Development Specialist and County Program Director in Gasconade County.

Additionally, I completed two online classes through Bismarck State College: Energy Markets and Structures (ENRG 420) in December, 2014 and Energy Economics and Finance (ENRG 412) in May, 2015.

Previous Testimony of Robin Kliethermes

Case No.	Company	Type of Filing	Issue
ER-2012-0166	Ameren Missouri	Staff Report	Economic Considerations
ER-2012-0174	Kansas City Power & Light Company	Staff Report	Economic Considerations
ER-2012-0175	KCP&L Greater Missouri Operations Company	Staff Report	Economic Considerations & Large Power Revenues
ER-2012-0345	Empire District Electric Company	Staff Report	Economic Considerations, Non-Weather Sensitive Classes & Energy Efficiency
HR-2014-0066	Veolia Kansas City	Staff Report	Revenue by Class and Class Cost of Service
GR-2014-0086	Summit Natural Gas	Staff Report	Large Customer Revenues
GR-2014-0086	Summit Natural Gas	Rebuttal	Large Customer Revenues
EC-2014-0316	City of O'Fallon Missouri and City of Ballwin, Missouri v. Union Electric Company d/b/a Ameren Missouri	Staff Memorandum	Overview of Case
EO-2014-0151	KCP&L Greater Missouri Operations Company	Staff Recommendation	Renewable Energy Standard Rate Adjustment Mechanism (RESRAM)
ER-2014-0258	Ameren Missouri	Staff Report	Rate Revenue by Class, Class Cost of Service study, Residential Customer Charge
ER-2014-0258	Ameren Missouri	Rebuttal	Weather normalization adjustment to class billing units
ER-2014-0258	Ameren Missouri	Surrebuttal	Residential Customer Charge and Class allocations
ER-2014-0351	Empire District Electric Company	Staff Report	Rate Revenue by Class, Class Cost of Service study, Residential Customer Charge

cont'd Previous Testimony of
Robin Kliethermes

Case No.	Company	Type of Filing	Issue
ER-2014-0351	Empire District Electric Company	Rebuttal & Surrebuttal	Residential Customer, Interruptible Customers
ER-2014-0370	Kansas City Power & Light Company	Staff Report	Rate Revenue by Class, Class Cost of Service study, Residential Customer Charge
ER-2014-0370	Kansas City Power & Light Company	Rebuttal & Surrebuttal	Class Cost of Service, Rate Design, Residential Customer Charge
ER-2014-0370	Kansas City Power & Light Company	True-Up Direct & True-Up Rebuttal	Customer Growth & Rate Switching
EE-2015-0177	Kansas City Power & Light Company	Staff Recommendation	Electric Meter Variance Request
EE-2016-0090	Ameren Missouri	Staff Recommendation	Tariff Variance Request
EO-2016-0100	KCP&L Greater Missouri Operations Company	Staff Recommendation	RESRAM Annual Rate Adjustment Filing
ET-2016-0185	Kansas City Power & Light Company	Staff Recommendation	Solar Rebate Tariff Change
ER-2016-0023	Empire District Electric Company	Staff Report	Rate Revenue by Class, CCOS and Residential Customer Charge
ER-2016-0023	Empire District Electric Company	Rebuttal & Surrebuttal	Residential Customer Charge and CCOS
ER-2016-0156	KCP&L Greater Missouri Operations	Staff Report	Rate Revenue by Class, CCOS and Residential Customer Charge
ER-2016-0156	KCP&L Greater Missouri Operations	Rebuttal & Surrebuttal	Data Availability, Energy Efficiency Revenue Adj., Residential Customer Charge
ER-2016-0179	Ameren Missouri	Rebuttal	Blocked Usage
ER-2016-0285	Kansas City Power & Light Company	Rebuttal & Surrebuttal	Clean Charge Network Tariff, Rate Design
GR-2017-0215	Spire (Laclede Gas Company)	Staff Report, Rebuttal & Surrebuttal	Tariff Issues, Rate Design and Class Cost of Service

cont'd Previous Testimony of
Robin Kliethermes

Case No.	Company	Type of Filing	Issue
GR-2017-0216	Spire (Missouri Gas Energy)	Staff Report, Rebuttal & Surrebuttal	Tariff Issues, Rate Design and Class Cost of Service
EC-2018-0103	Kansas City Power & Light	Staff Report	Customer Complaint
EO-2015-0055	Ameren Missouri	Rebuttal	Flex-Pay Program
GR-2018-0013	Liberty	Staff Report	Class Cost of Service and Rate Design Report
ER-2018-0145	Kansas City Power & Light	Staff Report & Rebuttal & Surrebuttal	Tariff Issues, Rate Design, Revenue, Class Cost of Service
ER-2018-0146	KCP&L Greater Missouri Operations	Staff Report & Rebuttal & Surrebuttal	Tariff Issues, Rate Design, Revenue, Class Cost of Service
EO-2018-0211	Ameren Missouri	Staff Rebuttal Report	MEEIA Margin Rates
GO-2019-0059	Spire Missouri West	Staff Recommendation & Rebuttal	Weather Normalization Adjustment Rider (WNAR)
GO-2019-0058	Spire Missouri East	Staff Recommendation & Rebuttal	Weather Normalization Adjustment Rider (WNAR)
ET-2018-0132	Ameren Missouri	Surrebuttal	Risk Sharing Mechanism
ER-2019-0291	Ameren Missouri	Staff Recommendation	MEEIA EEIC rates
GR-2019-0077	Ameren Missouri	Staff Report, Rebuttal & Surrebuttal	Tariff Issues, Rate Design, Revenue, Class Cost of Service
EO-2019-0132	KCPL and GMO	Staff Rebuttal Report	MEEIA DSIM mechanism, Tariff Issues
ER-2019-0335	Ameren Missouri	Staff Report, Rebuttal and Surrebuttal	Cost of Service and Class Cost of Service
ER-2019-0374	Empire District Electric Company	Staff Report, Rebuttal and Surrebuttal	Class Cost of Service and Estimated Bills
ER-2019-0374	Empire District Electric Company	Supplemental and Surrebuttal Supplemental	Estimated Bills and Billing Determinants