

Issue: Cost of Service and Rate Design
Witness: Maurice Brubaker
Type of Exhibit: Surrebuttal Testimony
Sponsoring Parties: Missouri Industrial Energy Consumers
Case Nos.: ER-2022-0129 & ER-2022-0130
Date Testimony Prepared: August 16, 2022

**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 Implement a General Rate)	Case No. ER-2022-0129
Increase for Electric Service)	
)	
In the Matter of Evergy Missouri West, Inc.)	
d/b/a Evergy Missouri West's Request for)	
Authority to Implement a General Rate)	Case No. ER-2022-0130
Increase for Electric Service)	
)	

Surrebuttal Testimony of
Maurice Brubaker

On behalf of
Missouri Industrial Energy Consumers

August 16, 2022



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

<hr/>		
In the Matter of Evergy Metro, Inc. d/b/a)	
Evergy Missouri Metro's Request for)	Case No. ER-2022-0129
Authority to 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)	Case No. ER-2022-0130
Authority to Implement a General Rate)	
Increase for Electric Service)	
)	
<hr/>)	

Surrebuttal Testimony of Maurice Brubaker

- 1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

- 2 A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,
- 3 Chesterfield, MO 63017.

- 4 **Q WHAT IS YOUR OCCUPATION?**

- 5 A I am a consultant in the field of public utility regulation and a President at Brubaker &
- 6 Associates, Inc., energy, economic and regulatory consultants.

- 7 **Q ARE YOU THE SAME MAURICE BRUBAKER WHO PRESENTED DIRECT**
- 8 **TESTIMONY ON JUNE 22, 2022 AND REBUTTAL TESTIMONY ON JULY 13, 2022**
- 9 **IN THIS PROCEEDING?**

- 10 A Yes, I am.

1 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

2 A This testimony is presented on behalf of the Missouri Industrial Energy Consumers
3 (“MIEC”), a non-profit company that represents the interests of industrial customers in
4 Missouri utility matters. These companies purchase substantial amounts of electricity.
5 The outcome of this proceeding will have an impact on their cost of electricity.

6 **Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

7 A My surrebuttal testimony addresses the rebuttal testimony presented by Staff witness
8 Sarah Lange and by Evergy witness Bradley Lutz.

9 **Q ON PAGE 16 OF HER TESTIMONY, STAFF WITNESS LANGE ASSERTS THAT**
10 **THE CLASS COST OF SERVICE STUDIES PRESENTED BY EMM AND EMW**
11 **(EVERGY) ARE NOT RELIABLE FOR PURPOSES OF RECOMMENDING SHIFTS**
12 **IN INTERCLASS REVENUE RESPONSIBILITY OR FOR RATE DESIGN. DO YOU**
13 **AGREE WITH STAFF WITNESS LANGE’S ASSERTION?**

14 A No. The class cost of service studies presented by Evergy are consistent with industry
15 standard practices that recognize the reality of utility system operation and record
16 keeping, and produce results that are reliable and which can and should be relied upon
17 for purposes of interclass revenue allocation as well as rate design.

18 While any cost of service study can be refined and improved, there are limits to
19 what is reasonable and practical. Staff’s criticisms are not based on an allegation that
20 Evergy failed to follow industry standard procedures and practices, but rather are based
21 on Staff witness Lange’s apparent infatuation with the minute details of distribution
22 system allocations.

1 **Q ARE YOU FAMILIAR WITH THE REBUTTAL TESTIMONY OF EVERGY WITNESS**
2 **BRADLEY LUTZ?**

3 A Yes. At page 14 of his rebuttal testimony, Mr. Lutz comments that Staff's testimony
4 "...signals a troubling Staff position developing toward class cost of service and rate
5 design work." He continues, "In my assessment, I view the position as an attempt to
6 reject standard practices and the industry standard in favor of hyper-detailed analyses."

7 I wholeheartedly agree with Evergy witness Lutz's observations and
8 conclusions concerning Staff witness Lange's testimony on cost of service. There is
9 an unwillingness on the part of Staff witness Lange to accept the results of conventional
10 class cost of service allocations if they show that large customers are paying at or
11 above their indicated cost of service. The recommendations Staff makes generally
12 have the effect of allocating more cost to these customers and less cost to lower load
13 factor customers who are more, not less, costly to serve.

14 **Q STAFF WITNESS LANGE MAKES A BIG POINT ABOUT HOW SERVICES IN**
15 **ACCOUNT 369 ARE ALLOCATED. IS EVERGY'S APPROACH SIMILAR TO THAT**
16 **OF OTHER UTILITIES?**

17 A Yes. Evergy's approach is consistent with that applied by other utilities, including
18 Ameren Missouri. Service drops are regarded as something additional that are
19 necessary only for smaller customers.

20 **Q EVEN IF STAFF WITNESS LANGE'S POINT WERE WELL TAKEN, WOULD THAT**
21 **MAKE ANY DIFFERENCE IN THE OVERALL SCHEME OF THINGS?**

22 A No. This issue is appropriately characterized as minutia; and whether or not any
23 services were allocated to the larger customers, the end result of the cost of service

1 study would not materially change because the overwhelming proportion of costs
2 incurred to serve these customers are not distribution system costs but are generation,
3 transmission, fuel and purchased power costs. Complaining about allocations of
4 services and the like in contrast to the importance of the allocation of these other
5 components of cost is like “straining at gnats and swallowing elephants.” In other
6 words, it just isn’t reasonable to magnify the importance of such minutia.

7 **Q STAFF WITNESS LANGE COMPARES THE ALLOCATION OF GENERATION**
8 **USING A&E-4NCP AND A&E-4CP AT PAGE 26 OF HER REBUTTAL. WHAT IS TO**
9 **BE CONCLUDED FROM THAT COMPARISON?**

10 A It is visually obvious from the chart that for all of the major customer classes the choice
11 between these two allocation methods has an insignificant effect.

12 **Q AT PAGE 27 OF HER REBUTTAL TESTIMONY, STAFF WITNESS LANGE STATES**
13 **AT LINES 5-7 THAT THE A&E ALLOCATOR AND SELECTION OF A NET ENERGY**
14 **ALLOCATOR WHICH “...IGNORE THE EXISTENCE OF THE SPP INTEGRATED**
15 **ENERGY MARKET...” IS INAPPROPRIATE. PLEASE COMMENT ON HER**
16 **STATEMENT WITH REGARD TO IGNORING THE EXISTENCE OF THE SPP**
17 **INTEGRATED ENERGY MARKET.**

18 A I think she is wrong to say that it ignores the existence of the SPP integrated energy
19 market. The product of the transactions in the SPP market reflect themselves on the
20 books and records of Evergy in both revenues and expenses. Those revenues and
21 expenses have been appropriately allocated in the class cost of service study, and the
22 existence of the SPP market does not affect the choice of a production demand
23 allocator. This criticism is invalid and should be ignored.

1 Q ON PAGE 27, SHE ALSO CRITICIZES EVERGY'S STUDIES BECAUSE SHE SAYS
2 THEY FAIL TO "...PROPERLY CLASSIFY DISTRIBUTION ASSETS, SUBSTATION
3 ASSETS, AND TRANSMISSION ASSETS THAT WOULD NOT HAVE BEEN
4 INSTALLED BUT-FOR FACILITATION OF SERVICE TO UNIQUE CUSTOMERS
5 SERVED AT PRIMARY, SUBSTATION AND TRANSMISSION VOLTAGE." PLEASE
6 RESPOND.

7 A This too is a curious comment because cost of service studies, just like revenue
8 requirement determinations, deal with the facilities installed and expenses that actually
9 are incurred, not with some hypothetical notion of what costs might otherwise have
10 been in the absence of serving certain customers. This criticism, too, is unfounded and
11 should be ignored.

12 Q ARE YOU FAMILIAR WITH STAFF WITNESS LANGE'S TESTIMONY AT
13 PAGES 27-29?

14 A Yes. Here she indulges in what I would call a "let's pretend" analysis. She reports
15 results if certain rate base and expense items were changed. The only purpose
16 appears to be just to show what the change would be. There is no analysis or
17 recommendation that would suggest that any of these "let's pretend" alternatives have
18 any meaning. These mathematical exercises have no basis in reality and should be
19 ignored.

1 Q AT PAGES 33 AND 34 OF HER REBUTTAL TESTIMONY, STAFF WITNESS LANGE
2 COMMENTS ON YOUR TESTIMONY PRESENTATIONS AND THAT OF MR.
3 MEYER WHO TESTIFIES ON BEHALF OF MECG. WHAT DO YOU MAKE OF
4 STAFF WITNESS LANGE'S COMMENTS?

5 A First, on page 33 she simply observes that my presentation of comparison of rates to
6 cost is different than from my "past" testimonies in terms of presentation format.

7 Q WHAT POINT IS SHE MAKING HERE?

8 A She never says, and I don't know. She does not suggest that anything was
9 inappropriate or in error, simply that the presentation was different.

10 Q AT PAGE 34 OF HER REBUTTAL TESTIMONY, SHE COMMENTS ON YOUR
11 COLLEAGUE MR. MEYER'S REVENUE REQUIREMENT TESTIMONY FOR MECG.
12 SHE SAYS THAT BECAUSE MR. MEYER MADE A REVENUE REQUIREMENT
13 ADJUSTMENT THAT SOMEHOW MY TESTIMONY ON CLASS COST OF SERVICE,
14 THAT DOES NOT CONTAIN A REVENUE REQUIREMENT ADJUSTMENT, IS
15 "UNREASONABLE." HOW DO YOU RESPOND?

16 A I am astounded. First of all, Mr. Meyer and I are engaged by different clients who have
17 chosen to address different issues. Second of all, it was not necessary for me to
18 perform a cost of service study using a different revenue requirement. It would not
19 make any meaningful difference in the relative class rates of return or what an
20 appropriate adjustment to class revenues in this case would be. This seems just like
21 another attempt by Staff witness Lange to find something to complain about, and should
22 be disregarded.

1 Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

2 A Yes, it does.

444129