

Exhibit No.:
Issue: Accounting Authority Order
Witness: Ronald A. Klotz
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Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: EC-2019-0200
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EC-2019-0200

REBUTTAL TESTIMONY

OF

RONALD A. KLOTE

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
May 2019**

REBUTTAL TESTIMONY

OF

RONALD A. KLOTE

Case No. EC-2019-0200

1 **Q: Please state your name and business address.**

2 A: My name is Ronald A. Klotz. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) and serve as
6 Director, Regulatory Affairs for KCP&L, KCP&L Greater Missouri Operations
7 Company (“GMO” of the “Company”) and Westar Energy, Inc.

8 **Q: On whose behalf are you testifying?**

9 A: I am testifying on behalf of GMO.

10 **Q: What are your responsibilities?**

11 A: My responsibilities include the coordination, preparation and review of financial
12 information and schedules associated with rate cases and rider mechanism filings. In
13 addition, my responsibilities include the coordination, preparation and review of various
14 financial reporting and other miscellaneous regulatory filings including the Federal
15 Energy Regulatory Commission FERC Form 1/3-Q process.

16 **Q: Please describe your education, experience and employment history.**

17 A: In 1992, I received a Bachelor of Science Degree in Accountancy from the University of
18 Missouri - Columbia. I received my Masters of Business Administration Degree from the
19 University of Missouri – Kansas City in May 2016. I hold a Certified Public Accountant

1 certificate in the State of Missouri. In 1992, I joined Arthur Andersen, LLP where I held
2 various positions of increasing responsibilities in the auditing division. I conducted and
3 led various auditing engagements of company financial statements. In 1995, I joined
4 Water District No. 1 of Johnson County as a Senior Accountant. This position involved
5 operational and financial analysis of water operations. In 1998, I joined Overland
6 Consulting, Inc. as a Senior Consultant. This position involved special accounting and
7 auditing projects in the electric, gas, telecommunications and cable industries. In 2002, I
8 joined Aquila, Inc. ("Aquila") holding various positions within the Regulatory
9 Department until 2004 when I became Director of Regulatory Accounting Services. This
10 position was primarily responsible for the planning and preparation of all accounting
11 adjustments associated with regulatory filings in Aquila's electric jurisdictions. As a
12 result of the acquisition of Aquila by Great Plains Energy Incorporated ("GPE"), I began
13 my employment with KCP&L as Senior Manager, Regulatory Accounting in July 2008.
14 In April 2013, I joined the Regulatory Affairs Department as a Senior Manager remaining
15 in charge of Regulatory Accounting responsibilities. In December 2015, I became
16 Director, Regulatory Affairs responsible for the coordination, preparation and filing of
17 rate cases and other regulatory filings in our electric jurisdictions.

18 **Q: Have you previously testified in proceedings before the Missouri Public Service**
19 **Commission ("Commission" or "MPSC") or before any other utility regulatory**
20 **agency?**

21 **A:** Yes. I have testified before the MPSC, Kansas Corporation Commission, California
22 Public Utilities Commission, and the Public Utilities Commission of Colorado.

1 **Q: What is the purpose of your testimony?**

2 A: I will testify on a variety of accounting matters related to the accounting authority order
3 (“AAO”) requested by the Office of the Public Counsel (“OPC”) and the Midwest
4 Energy Consumers Group (“MECG”) in connection with the retirement of Sibley
5 generating units. My rebuttal testimony covers the following topics and is organized as
6 follows:

- 7 ▪ In **Section I**, I explain how the request articulated in the direct testimonies
8 of OPC witness Schallenberg and MECG witness Meyer is inappropriate
9 and is not sufficiently clear for GMO to accurately identify and record
10 deferral accounting entries even if such entries were appropriate;
- 11 ▪ In **Section II**, I explain how the estimates of the impact of the Sibley
12 retirement on GMO’s net income presented in the direct testimonies of
13 OPC witness Schallenberg and MECG witness Meyer are inaccurate and
14 overstated;
- 15 ▪ In **Section III**, I explain that the AAO which OPC and MECG seek to
16 support in the direct testimonies of OPC witness Schallenberg and MECG
17 witness Meyer, respectively, should be rejected because Messrs.
18 Schallenberg and Meyer (a) ignore cost increases GMO has experienced,
19 and will continue to experience, since its last base rate case order, and (b)
20 fail to recognize GMO’s historical inability to achieve its Commission-
21 authorized earnings level; and
- 22 ▪ In **Section IV**, I explain certain differences between generally accepted
23 accounting principles (“GAAP”) which govern the preparation of financial

1 accounting statements filed with the Securities and Exchange Commission
2 (“SEC”) and requirements of the Uniform System of Accounts (“USoA”)
3 of the Federal Energy Regulatory Commission (“FERC”) which have been
4 adopted by Commission rule for use in Missouri (4 CSR 240-20.030),
5 including the setting of retail rates by this Commission. I provide this
6 explanation to refute a portion of OPC witness Schallenberg’s direct
7 testimony where he suggests that an accounting entry made by GMO to
8 comply with GAAP requirements in connection with the Sibley retirement
9 is evidence that supports the Commission imposing the AAO requested by
10 OPC and MECG. This specific accounting entry was not made by GMO
11 pursuant to the governing standards of the USOA as interpreted by the
12 Commission and thus provides no evidence supporting a finding that the
13 Sibley retirement is extraordinary or gives rise to extraordinary items.

14 **I. THE AAO REQUESTED BY OPC AND MECG IS INAPPROPRIATE AND**
15 **THEIR EVIDENCE IS TOO VAGUE TO PERMIT GMO TO MAKE ACCURATE**
16 **DEFERRAL ACCOUNTING ENTRIES EVEN IF SUCH ENTRIES WERE**
17 **APPROPRIATE.**

18 **Q: Have OPC and MECG clearly articulated the AAO they request that the**
19 **Commission impose on GMO?**

20 **A:** No, their requests have been inconsistent.

21 In the filing made by OPC and MECG on December 28, 2018, which the
22 Commission has characterized as a complaint, OPC and MECG stated that they were
23 requesting

24 . . . that the Commission order GMO to defer to a regulatory
25 liability account all revenues associated with non-existent costs
26 and return on Sibley investments associated with GMO’s Sibley

1 generation units 1, 2, 3 and common plant that were included in the
2 revenue requirement and used to set rates.¹

3 But in his direct testimony OPC witness Schallenberg describes it differently,
4 stating that the AAO is “. . . to reflect all costs associated with the generating units at
5 Kansas City Power & Light Greater Missouri Operations (GMO)’s Sibley station that
6 customers are currently paying in base rates”² And later in his direct testimony,
7 OPC witness Schallenberg describes the AAO OPC requests in yet another way, by
8 referring to “. . . cost savings it [GMO] will receive in the Sibley retirement”³

9 MECG witness Meyer testifies that the AAO will create “. . . a regulatory
10 liability to capture the capital and operating costs currently included in KCP&L Greater
11 Missouri Operations Company’s (‘KCPL-GMO’) rates following the retirement of the
12 Sibley generating units.”⁴ Yet later in his direct testimony, MECG witness Meyer also
13 states that “MECG is asking that the Commission order a deferral of all cost savings
14 associated with the retirement of the Sibley units, and not a deferral of a specific dollar
15 amount.”⁵

16 Because OPC and MECG have described the AAO they request in different ways,
17 it is not clear to me precisely what they want the Commission to order GMO to record to
18 a regulatory liability account. In addition, OPC and MECG refer to “cost savings from
19 the Sibley retirement” to suggest that they can be readily identified and quantified when,
20 in actuality and as I describe in more detail below, there is substantial disagreement about
21 the level of cost savings GMO may experience in connection with the Sibley retirement.

¹ Petition for an Accounting Authority Order, para. 15, p. 4, filed December 28, 2018.

² Schallenberg Direct, p. 2, ll. 18-20.

³ Schallenberg Direct, p. 15, ll. 14-15.

⁴ Meyer Direct, p. 2, ll. 3-6.

⁵ Meyer Direct, p. 14, ll. 15-17.

1 Moreover, the estimates placed by OPC and MECG on the amounts they believe should
2 be deferred are oversimplified, erroneous and overstated.

3 **II. THE ESTIMATES OPC AND MECG PLACE ON COST SAVINGS IN**
4 **CONNECTION WITH THE SIBLEY RETIREMENT ARE OVERSIMPLIFIED,**
5 **ERRONEOUS, OVERSTATED AND DO NOT JUSTIFY COMMISSION**
6 **IMPOSITION OF AN AAO.**

7 **Q: On what evidence do you rely for the assertion that there is substantial**
8 **disagreement about the level of cost savings GMO may experience in connection**
9 **with the Sibley retirement?**

10 A: I will briefly describe areas of disagreement that, based on the direct testimony of OPC
11 witness Schallenberg and MECG witness Meyer, I can presently identify. However,
12 because of the cursory and vague nature of their testimony and the absence of a detailed
13 or comprehensive description of what specifically they are requesting the Commission
14 order GMO to defer, I cannot say for certain that the areas of disagreement I identify
15 below are all-inclusive.

16 The first area of clear disagreement concerns property taxes. MECG witness
17 Meyer testifies that property taxes should be included in the deferral, although he makes
18 no attempt to quantify the amount of property taxes he asserts will be saved by GMO due
19 to the Sibley retirement.⁶ As explained in more detail below, because of the
20 methodology used by assessment authorities in Missouri to determine property tax
21 obligations, the Sibley retirement is unlikely to have any meaningful impact on the level
22 of property taxes paid by GMO in the future.

⁶ Meyer Direct, p. 14, ll. 17-20.

1 The second area of clear disagreement concerns Sibley depreciation expense.
2 OPC witness Schallenberg includes this line item in his estimate of the magnitude of the
3 deferral requested by OPC⁷ even though GMO is already recording Sibley depreciation
4 expense to a regulatory liability account pursuant to the Commission's October 31, 2018,
5 Order Approving Stipulations and Agreements in Case Nos. ER-2018-0146 and -0145
6 (hereafter, "Order Approving 2018 Rate Case Stipulations"). I will discuss this item in
7 more detail below also.

8 The third area of disagreement concerns labor. OPC witness Schallenberg
9 includes this line item in his estimate of the magnitude of the deferral requested by OPC.⁸
10 As I discuss in detail below, OPC witness Schallenberg has substantially overstated labor
11 savings in connection with the Sibley retirement for a number of reasons.

12 The fourth area of disagreement concerns non-labor operations and maintenance
13 costs ("O&M"). Mr. Schallenberg includes a line item estimate of non-labor O&M in his
14 estimate of the magnitude of possible deferral amounts.⁹ GMO is already deferring a
15 portion of these costs associated with major maintenance. In addition, Mr. Schallenberg
16 used an amount that is simply overstated.

17 The fifth area of disagreement concerns fuel expense. OPC witness Schallenberg
18 includes this item in his estimate of the magnitude of the deferral requested by OPC.¹⁰
19 GMO is already operating under a fuel adjustment clause rider mechanism that is an
20 approved mechanism by this Commission. This AAO case is not the proper venue to be

⁷ Schallenberg Direct, p. 11, ll. 7-8.

⁸ Schallenberg Direct, p. 11, ll. 7-8.

⁹ Schallenberg Direct, p. 11, ll. 7-8.

¹⁰ Schallenberg Direct, p. 11, ll. 7-8.

1 analyzing the impacts on fuel costs. The appropriate venue would be the reviews
2 associated with the fuel adjustment clause rider mechanism.

3 The sixth area of disagreement concerns the quantification of the undepreciated
4 value of the Sibley units. OPC witness Schallenberg ascribes a value of approximately
5 \$160 million¹¹ and MECG witness Meyer places that value at approximately \$300
6 million.¹² As I describe in more detail below, neither of these values is accurate.
7 Company witness John Spanos has provided the net plant amount for the Sibley
8 generating station as of June 30, 2018.

9 a. GMO's Property Tax Liability is Unlikely to Change Due to Sibley Retirement.

10 **Q: Please explain your understanding of OPC witness Schallenberg's and MECG**
11 **witness Meyer's position regarding property tax savings due to Sibley's retirement.**

12 **A:** In both Mr. Schallenberg's and Mr. Meyer's testimony there are general references to
13 savings associated with property taxes. Yet, there is absolutely no explanation of why
14 they believe there are property tax savings associated with the Sibley retirements. OPC
15 witness Schallenberg references property taxes on page 11 in a footnote and MECG
16 Meyers references property taxes on page 14 stating the following on line 17 – 19: "Thus,
17 there will be other components, not included in my materiality calculation, which should
18 be deferred. For instance, I have not included property taxes, O&M costs, and other rate
19 base components."

¹¹ Schallenberg Direct, p. 3, l. 18.

¹² Meyer Direct, p. 13, l. 7.

1 **Q: Is GMO’s property tax liability expected to fall as a result of the retirement of**
2 **Sibley?**

3 A: No.

4 **Q: How are property taxes assessed in the state of Missouri?**

5 A: Based on my experience in assessing property tax expense in numerous Missouri rate
6 cases over my career and through consultation with the Company tax experts, my
7 understanding is that by statute in Missouri, electric utilities like GMO are valued at the
8 state level instead of the county or local level for all property except rail cars,
9 construction work in progress, vehicles, and certain real estate and personal property.
10 This is generally referred to as being “centrally assessed.” The Missouri State Tax
11 Commission starts by determining the fair market value of the entire company as a whole
12 (i.e., GMO legal entity in this case and not the fair market value of the Company’s assets
13 or property). Once the fair market value of the entire company is determined, then the
14 value is allocated pro-rata to the counties based on the miles of electric distribution and
15 transmission lines (“pole miles”) in each county. Once each county has been allocated its
16 share of the “fair market value” of the entire company, it then applies the mill levy
17 determined for that year and sends the tax bill. For the non-central assessed rail cars,
18 construction work in progress, vehicles, and certain real estate and personal property, the
19 fair market value of each asset is determined by each county and then the county applies
20 the mill levy determined for that year and sends the tax bill. The aggregate amount of
21 these bills represents the total amount of property taxes paid by GMO in a year.

1 **Q: Please explain why property taxes paid by GMO are unlikely to change in any**
2 **material way in connection with the Sibley retirement.**

3 A: In the state of Missouri, the overall unit value of the operating assets of the entire
4 company is determined by the State Tax Commission. A portion of this unit value is
5 allocated to the State of Missouri based on a ratio of the entire company's Missouri
6 system to the total system of the entire company, which determines the state property tax
7 value. Items that are locally assessed by the county assessors, including rail cars,
8 construction work in progress, vehicles, and certain real estate and personal property are
9 subtracted from the unit value that had been allocated to the state of Missouri. The
10 amount that remains is then centrally assessed and the value distributed over the pole
11 miles in the state. The retirement of the Sibley locally assessed property will result in
12 lower property taxes at the Sibley location. However, the reduction in locally assessed
13 property at Sibley will be offset by an increase in the state centrally assessed value. And, as
14 there are no current plans to retire any transmission lines there should be no material
15 impact to the centrally assessed pole mile allocation and no material impact on GMO's
16 overall property tax liability or overall property tax payments.

17 *b. Sibley Depreciation Expense is Already Being Deferred*

18 **Q: Please explain why OPC witness Schallenberg's and MCEG witness Meyer's**
19 **discussion of Sibley depreciation expense does not support Commission imposition**
20 **of an AAO in connection with the Sibley retirement.**

21 A: In both Mr. Schallenberg's testimony and Mr. Meyer's testimony, there are calculations
22 of the total income effect and cost savings associated with the retirement of Sibley.
23 Included in both of their calculations are depreciation expense savings which were
24 already considered in GMO's 2018 Rate Case, No. ER-2018-0146. Paragraph 15 on page

1 9 of the first Stipulation and Agreement approved by the Commission in that case states
2 the following associated with depreciation expense:

3 GMO will create a regulatory liability to capture the amount of
4 depreciation expense included in GMO's revenue requirement
5 beginning when each of the following units is retired and
6 depreciation expense is no longer recorded on GMO's books:

7 Sibley units 1, 2, and 3, including common plant, and Lake
8 Road unit 4/6.

9 The depreciation amounts will accumulate in the regulatory
10 liability account until new customer rates are established in a
11 subsequent rate case. At that time, the regulatory liability account
12 will be closed into accumulated depreciation. Additionally, the
13 closing of this regulatory liability into accumulated depreciation
14 will be reflected in rates that are established in that rate case.

15 The Stipulation and Agreement approved by the Commission in GMO's 2018 Rate Case
16 has already provided for regulatory accounting treatment associated with the Sibley
17 assets. The assets continue to be depreciated and the regulatory liability continues to
18 accumulate these cost amounts month after month. Including these amounts in this
19 Sibley AAO request is simply incorrect and ignores the regulatory accounting treatment
20 that was agreed to and ordered by the Commission in the 2018 Rate Case.

21 c. OPC Witness Schallenberg's Estimate of Labor Savings Due to Sibley's Retirement is
22 Erroneous and Overstated.

23 **Q: Please explain your understanding of how OPC witness Schallenberg estimated**
24 **labor savings resulting from the Sibley retirement.**

25 A: Table 1 on page 11 of Mr. Schallenberg's direct testimony includes a line item entitled
26 "Labor" that purports to quantify the labor and benefit savings associated with the Sibley
27 retirements. The total amount of "Labor" savings included in this table is \$14,706,742.
28 The source for this amount appears to come from GMO's response to Data Request No.

8513 in this case. The response quantified the labor and benefits for the 2018 Rate Case test year period of July 2016 to June 2017 associated with the Sibley plants.

Q: Are GMO's labor costs expected to fall by \$14.7 million due to the Sibley retirement as asserted by OPC witness Schallenberg?

A: No. Mr. Schallenberg's estimate of labor savings is erroneous and overstated.

Q: Please explain why OPC witness Schallenberg's estimate of labor savings due to Sibley's retirement is erroneous and overstated.

A: First of all, the amount include in the response to Data Request No. 8513 is actual O&M labor and benefits costs charged to the Sibley operating units during the test year period July 2016 to June 2017. Therefore, this is not truly an accurate reflection of ongoing labor costs included in rates.

Q: Why is Mr. Schallenberg's estimate of labor costs erroneous?

A: When calculating labor costs in a rate case, base salaries are typically quantified at a "point in time" such as June 2017 which is what was included in GMO's Direct Testimony filing in the 2018 GMO Rate Case. In a later phase of the rate case process, base salaries were updated to the true-up date of June 30, 2018, which typically captures any merit increases and personnel changes during that period, and thus will be a more accurate reflection of ongoing labor costs.

Q: How has OPC witness Schallenberg's approach to estimate labor savings due to Sibley's retirement overstated labor savings?

A: Labor costs in rates were captured at the true-up date (June 2018) thus reflecting an ongoing level of costs. For former Sibley personnel, the headcount was 76 employees with base salary level of \$7,249,652 at the true-up date. (This amount is labor only,

1 consisting of salary and wages paid to employees and does not include benefits costs.
2 The cost of benefits piece is typically calculated on the basis of a percentage of actual
3 labor charges). This headcount already reflects a reduction in headcount from both the
4 beginning and ending periods of the test year. The employee headcount at the beginning
5 of the test year in July 2016 was 111 employees which far exceeds the amount of
6 employees at the true-up date in the rate case of June 30, 2018. In addition, the amount
7 of employees at the end of the test year June 2017 was 98 employees. Once again this far
8 exceeds the 76 employees that were employed at the end of the true-up period. This
9 demonstrates that the number used in Mr. Schallenberg's testimony based on the test year
10 in GMO's 2018 Rate Case (July 2016 to June 2017) included employee levels that were
11 not in existence at the time of the true-up period June 30, 2018 and are not pertinent to
12 GMO's current rates.

13 **Q: Is there additional evidence to show that OPC witness Schallenberg's estimate of**
14 **labor savings is overstated?**

15 A: Yes. While headcount levels have continued to decrease at the Sibley plant, there are a
16 significant number of Sibley personnel that transferred to other departments. We strove
17 to leave positions open, where possible, that could be filled by employees who had
18 worked at Sibley. Thus, there are no labor savings associated with the portion of the
19 currently active 62 employees that continue to be employed and work at Sibley or in
20 other departments supporting GMO operations. In addition, as of May 1, 2019 there are
21 7 employees still remaining at the Sibley plant to wind down operations. As such, the
22 labor savings claimed by Mr. Schallenberg are not correct and are overstated. In fact,
23 only 14 employees at the Sibley plant have actually severed their employment. This is

1 significantly lower than the 76 employees that were employed at the end of the true-up
2 period in GMO's 2018 Rate Case and even lower than the 111 and 98 employees that
3 were employed at the beginning and end of the test period which is the basis for Mr.
4 Schallenberg's labor savings amounts.

5 **Q: In the revenue requirement settlement approved by the Commission in GMO's most**
6 **recent general rate case (Case No. ER-2018-0146), was the level of labor costs**
7 **included in rates a specifically agreed-upon item?**

8 A: No. That issue was settled on a "black box" basis, so there is no agreed-upon baseline
9 amount of labor costs for Sibley. This makes calculation of amounts to be deferred
10 difficult if not impossible and is an additional fact that makes the AAO proposed by OPC
11 and MCEG unreasonable.

12 d. OPC Witness Schallenberg's Estimate of non-labor O&M Savings Due to Sibley's
13 Retirement is Overstated.

14 **Q: Please explain your understanding of how OPC witness Schallenberg estimated non-**
15 **labor O&M savings resulting from the Sibley retirement.**

16 A: Table 1 on page 11 of Mr. Schallenberg's direct testimony includes a line item entitled
17 "Non-Labor O&M" that purports to quantify the non-labor O&M savings associated with
18 the Sibley retirements. The total amount of "Non-Labor O&M" savings included in this
19 table is \$12,414,468. The source for this amount appears to come from GMO's response
20 to Data Request No. 8513 from its 2018 Rate Case which for the test year period of (July
21 2016 to June 2017) quantified non-labor O&M savings associated with the Sibley plants.

22 **Q: Is the amount provided in the non-labor O&M savings line overstated?**

23 A: Yes, it is. I have a few issues with the amount that he has provided in his Table 1. First,
24 the amount that Mr. Schallenberg provided was the test year amount of non-labor O&M

1 costs that occurred during the test year of July 2016 thru June 2017. Yet, in the 2018 rate
2 case true-up process a 4-year average of maintenance costs was proposed by the
3 Company and Staff. This amount was provided in DR 8513 which totaled \$11,714,051.

4 Secondly, already included in the amount Mr. Schallenberg provided for non-
5 labor O&M costs in Table 1 are accruals for major plant maintenance that are
6 accumulated in a regulatory liability year over year to provide for significant maintenance
7 activities at the Sibley plant. Accruals already continue to be recorded after the
8 retirement of the plant and are accumulating in a regulatory liability. These accruals
9 should not be included in any additional deferral since they are already being recorded
10 and will continue to be recorded to a regulatory liability account until the next rate case.
11 The amount of major maintenance associated with the Sibley generating plant is
12 approximately \$1.1 million annually.

13 Finally, the Sibley generating station was retired in November 2018 and has
14 entered into the retirement and dismantlement phase. As such, there will continue to be
15 annual non-labor O&M costs that will be incurred at the plant site while the retirement
16 and dismantlement activities are completed through 2021. This type of activity was
17 simply not considered in Mr. Schallenberg's analysis. Because non-labor O&M costs
18 will continue to be incurred at Sibley post-retirement, Mr. Schallenberg's inclusion of all
19 non-labor O&M included in rates for Sibley in estimating the magnitude of the deferral
20 he proposes is unreasonable.

1 **Q: In the revenue requirement settlement approved by the Commission in GMO’s most**
2 **recent general rate case, was the level of non-labor O&M costs included in rates a**
3 **specifically agreed-upon item?**

4 A: No. That issue was settled on a “black box” basis, so there is no agreed-upon baseline
5 amount of non-labor O&M costs for Sibley. This makes calculation of amounts to be
6 deferred difficult if not impossible and is an additional fact that makes the AAO proposed
7 by OPC and MECG unreasonable.

8 **Q: Please summarize why Mr. Schallenberg’s estimate of non-labor O&M costs to be**
9 **deferred is unreasonable.**

10 A: Mr. Schallenberg has used data from the wrong time period to estimate the amount of
11 non-labor O&M costs for Sibley included in rates. He also fails to recognize that non-
12 labor costs continue to be incurred at Sibley as well as the fact that certain major
13 maintenance costs are already being recorded to a regulatory liability account as a result
14 of the ratemaking process for GMO. Given all of these facts as well as the absence of an
15 agreed-upon baseline of non-labor O&M costs for Sibley included in GMO’s rates, there
16 is no basis for his estimate of the magnitude of the deferral he proposes in connection
17 with the Sibley retirement. Under these circumstances, and especially because the Sibley
18 retirement is not extraordinary as GMO witness Ives describes in detail in his rebuttal
19 testimony, there is no basis for the Commission to grant the AAO requested by OPC and
20 MECG.

1 *e. OPC Witness Schallenberg's estimate of Fuel Costs Included in Base Rates is misplaced.*

2 **Q: Does OPC witness Schallenberg include fuel costs in GMO's base rates in his**
3 **estimate of the magnitude of the deferral he requests in connection with the Sibley**
4 **retirement?**

5 A: Yes, and I don't understand why, as there is no reason to do so.

6 **Q: Is this AAO case the appropriate proceeding to be addressing deferral of changes in**
7 **fuel costs?**

8 A: No. GMO currently employs a fuel adjustment clause ("FAC") which accounts for
9 changes in fuel costs from the level included in base rates. So, changes from the base
10 fuel cost currently included in GMO's rates will be deferred in accordance with the
11 operation of GMO's FAC. The FAC is subject to periodic prudence review and that
12 would be the appropriate venue to discuss whether fuel costs have been impacted by the
13 retirement of the Sibley generation station. There should be no consideration given to
14 deferring fuel costs in this proceeding when they are already being accounted for now in
15 another ratemaking process that has been approved by this Commission.

16 **Q: Please explain why it would be unreasonable to grant an AAO with respect to fuel**
17 **costs that are already being deferred in accordance with GMO's FAC?**

18 A: Granting a deferral of fuel costs in this AAO case would simply complicate the existing
19 FAC process that accounts for fuel costs as part of the Company's cost of service. Fuel
20 costs that are above or below the amount determined to be in base rates are deferred for
21 recovery today. Deferral of fuel costs through an AAO ordered in this case would create
22 additional deferrals associated with the same fuel costs that will be scrutinized by
23 Commission Staff, and would likely lead to confusion and errors. It would be

1 unproductive and unreasonable to over-complicate the FAC process which is already
2 complex.

3 *f. The Estimates Placed on Sibley's Generating Station Undepreciated Value by OPC and*
4 *MECG are Inconsistent and Wrong.*

5 **Q: Please explain your understanding of the estimates placed on the Sibley generating**
6 **stations undepreciated value by OPC and MECG, respectively, and how these**
7 **values were derived.**

8 A: First, it appears from the testimony supplied by OPC witness Schallenberg that he
9 believes the estimate of the undepreciated value of the Sibley generating station is
10 approximately \$160 million which is the amount of the GAAP-required regulatory asset
11 that was disclosed in the Company's 2018 10K. I provide later in my testimony the
12 differences between the GAAP financial books and records and the FERC books and
13 records. Secondly, MECG witness Meyer bases his estimate of the undepreciated value
14 of the Sibley generating station to be approximately \$300 million. This estimate appears
15 to be based on the Staff accounting schedules in the 2018 rate case.

16 **Q: Are the estimates placed on Sibley generating station's undepreciated value by OPC**
17 **and MECG accurate?**

18 A: No.

19 **Q: Has the Company's depreciation expert Mr. John Spanos provided a calculation of**
20 **the net book value of Sibley's generating station?**

21 A: Yes. GMO witness Spanos provides a net book value of \$145.7 million as of June 30,
22 2018 for Sibley on page 3 of his rebuttal testimony.

1 **Q: Why is this amount different from the amount included in Staff's accounting**
2 **schedules which is the basis for Mr. Meyer's estimate?**

3 A: Determining the actual net book value of the Sibley generating station accurately is not
4 possible without specialized analysis provided by an expert like GMO witness Spanos.
5 The amount included in Staff's accounting schedules is simply a book allocation of the
6 accumulated depreciation reserve and in no way reflects the complexities included in a
7 detailed depreciation study which Mr. Spanos has performed for the Company on several
8 occasions.

9 **Q: Why was it necessary for Mr. Spanos to calculate the net book value of the Sibley**
10 **generating station as of June 30, 2018?**

11 A: Let me be clear on this. Through their request in this AAO docket OPC and MECG seek
12 to segregate costs associated with the Sibley generating station as a single issue
13 immediately after the conclusion of a rate case that was settled using a "black box"
14 settlement. In particular, OPC and MECG are attempting to segregate the net book value
15 of the Sibley generating station in order to attempt to calculate capital costs associated
16 with it. In order to calculate the net book value of an asset you must have both the
17 original cost and the associated accumulated reserve. During a rate case the Company
18 provides a simple book allocation of the total reserve to the generating plants and this
19 was done in the 2018 rate case. Since a depreciation study was completed for the 2016
20 GMO rate case in which a complete analysis of the total reserve balance was completed,
21 no depreciation study was completed for the 2018 GMO rate case since depreciation
22 studies are only required every 5 years. Because a segregated net book value of the
23 Sibley generating station would be necessary if the Commission grants the AAO, a

1 depreciation expert must analyze the reserve balance among all generation plant in order
2 to accurately calculate a proper accumulated depreciation reserve balance associated with
3 the Sibley generating station. In this way, the total accumulated reserve balance is
4 assigned to each of the generating stations and an appropriate reserve balance can be
5 obtained for the Sibley generating station. Please see the testimony of Company witness
6 John Spanos for the explanation and calculation of the Sibley generating station
7 depreciation reserve.

8 **III. THE SINGLE-ISSUE AAO REQUESTED BY OPC AND MECG IN**
9 **CONNECTION WITH THE SIBLEY RETIREMENT IGNORES COST**
10 **INCREASES GMO IS EXPERIENCING SINCE THE TRUE-UP IN ITS RECENT**
11 **2018 RATE CASE, AS WELL AS GMO'S CONSISTENT INABILITY TO**
12 **ACHIEVE ITS COMMISSION-AUTHORIZED EARNINGS LEVEL.**

13 **Q: Why do you believe OPC and MECG have requested that the Commission impose**
14 **an AAO in connection with GMO's retirement of Sibley?**

15 **A:** In my opinion, OPC and MECG believe that GMO will achieve greater than reasonable
16 earnings due to Sibley's retirement and this is the reason they have asked the
17 Commission to order GMO to record a regulatory liability in connection with that event.
18 GMO witness Ives describes why this situation, even if true, does not meet the
19 Commission practice and policy of granting AAO's through applying the extraordinary
20 items criteria of USoA General Instruction No. 7. Further, in contrast to analysis
21 undertaken during a general rate proceeding which considers all relevant factors, the
22 AAO requested by OPC and MECG would only consider costs of Sibley included in
23 GMO's rates. Although I have previously explained that the many problems and
24 difficulties in identifying and quantifying such costs make their AAO request
25 unreasonable, the fact that they propose to capture only costs they allege will be

1 eliminated by Sibley's retirement and ignore new costs or other cost increases
2 compounds the unreasonableness of their request.

3 **Q: Since base rates from GMO's 2018 Rate Case took effect in early December 2018,**
4 **what earnings levels have been shown in GMO's quarterly surveillance reports?**

5 A: For the twelve-month period ending December 31, 2018, GMO's achieved return on
6 equity ("ROE") was 7.98%. For the twelve-month period ending March 31, 2019,
7 GMO's achieved ROE was **8.42%**. These are the only quarterly surveillance reports
8 submitted by GMO since new base rates took effect. Although ROE and other issues
9 were settled in the 2018 Rate Case on a "black box" basis which did not specify an
10 agreed-upon ROE, the range of ROE recommendations made in that case was relatively
11 narrow. 9.85% was the point recommendation of both Staff and GMO, with MECG
12 recommending 9.30%. Although I believe earnings levels greater than these would not
13 be unreasonable in light of normal earnings variability of electric utilities and the fact that
14 GMO has historically under-earned relative to its Commission-authorized earnings levels,
15 it is clear that no factual basis exists to believe that GMO's earnings levels are excessive.

16 **Q: Upon what information do you rely for your assertion that GMO has historically**
17 **under-earned relative to its Commission-authorized earnings levels?**

18 A: The table below shows ROE levels provided in surveillance reports submitted by GMO
19 over the past 11 years compared to Commission-authorized ROE levels.

1

Case No.	Date Rates Effective	Authorized ROE	Calendar Year	Earned ROE MPS	Earned ROE L&P	Earned ROE Combined
ER-2007-0004	5/31/2007	10.25%	2008	3.83%	4.24%	3.80%
ER-2009-0090	9/1/2009	Settlement	2009 2010	4.75% 8.30%	0.34% 4.25%	3.86% 7.44%
ER-2010-0356	6/25/2011	10.00%	2011 2012	8.54% 9.37%	5.60% 10.04%	7.85% 9.53%
ER-2012-0175	1/26/2013	9.70%	2013 2014 2015 2016	9.76% 9.56% 8.37% 7.77%	11.31% 8.26% 6.59% 5.85%	10.15% 9.24% 7.92% 7.29%
ER-2016-0156	2/22/2017	9.5-9.75%	2017			8.27% ¹
ER-2018-0146	12/6/2018	Settlement	2018			7.98% ¹

2
3
4

¹By Order effective October 8, 2016, the Commission accepted the consolidation of MPS and L&P rate districts into a common GMO-wide rate structure. The consolidation went into effect the same time as rates on February 22, 2017.

5
6
7
8

Although there have been brief periods when GMO's actual earnings have exceeded its Commission-authorized ROE, those instances are the exception to the general rule over the presented period that GMO's earnings have fallen well short of its Commission-authorized ROE.

9
10
11
12

Q: In requesting that the Commission impose an AAO in connection with the Sibley retirement, do you believe OPC and MECG have taken into consideration the fact that, historically, GMO's actual earnings levels have fallen well short of its Commission-authorized ROE?

13

A: No. In my opinion both OPC and MECG ignore this fact.

14
15
16

Q: Setting aside GMO's historical earnings shortfalls relative to its Commission-authorized ROE, is there any reasonable basis to believe that GMO's earnings levels will become excessive before GMO's next general rate proceeding?

17

A: Not in my opinion.

1 First, a significant impact on earnings can come from the normal variability in
2 revenues from the revenue levels that were set in past rate cases. This occurs as a result
3 of a variety of factors that are largely beyond GMO's control, such as weather that is
4 cooler or warmer than normal, economic conditions generally in GMO's service territory
5 and the financial condition of specific GMO customers. There is no assurance that the
6 revenue levels assumed to prevail in GMO's rate case will actually be achieved.

7 Secondly, another impact on earnings can come from cost increases that GMO
8 may experience over time since cost levels used to set rates in the last rate case. While
9 GMO expects to achieve savings over time, due to both the merger with Westar Energy,
10 Inc. and the Sibley retirement, costs will increase in other areas over time and I do not see
11 any reasonable basis to believe that GMO's achieved earnings will become excessive
12 before GMO's next general rate proceeding which will be filed between early January
13 2020 and early January 2021.

14 **Q: Have OPC and MECG demonstrated that GMO's earnings levels are currently**
15 **excessive or are likely to become excessive before GMO files its next general rate**
16 **case?**

17 A: No and they have made no attempt to do so.

18 **Q: Does the level of earnings of an electric utility, whether below or above its**
19 **authorized return on equity, support the imposition of an AAO under USoA**
20 **General Instruction 7 and the criteria that has historically been applied by the**
21 **Commission in approving AAO deferral requests?**

22 A: No. As GMO witness Darrin Ives discusses in his rebuttal testimony further, the
23 Commission has consistently applied the standard that events to qualify for AAO deferral

1 costs must be extraordinary, unusual and unique, and not recurring for their costs to
2 quality for AAO deferral. This is not the case for the Sibley retirement. The retirement
3 of Sibley was anticipated and communicated well in advance of the retirement date and
4 was known by the Commission and parties to this proceeding. Also, as discussed by
5 GMO witness Christopher Rogers in his rebuttal testimony, fossil fuel-fired generating
6 units' retirements are ordinary and typical of the norm for electric utilities and have been
7 increasing in frequency over the past ten years. This is analogous to the Commission's
8 July 30, 2014 Report and Order at page 10 in Case No. EU-2014-0077, where in the
9 Commission stated: "The increase in transmission costs was anticipated and is indeed the
10 norm for all electric utility members of SPP. Therefore, the transmission costs are not
11 extraordinary."¹³

12 It is clear to me from this statement, as well as more recent decisions, that the
13 Commission will expect to deal with such rising or declining costs in such situations, or
14 more directly to the question, excessive or insufficient earnings by the utility, in a general
15 rate proceeding. The general rate proceeding will consider all relevant factors unlike this
16 complaint which seeks an AAO for a specific event that is not the result of extraordinary,
17 unusual or non-recurring activity to the exclusion of other countervailing factors.

18 **IV. PLANT RETIREMENTS, INCLUDING GENERATING PLANT RETIREMENTS,**
19 **OCCUR FOR GMO ON A REGULAR BASIS.**

20 **Q: How are plant retirements recorded on GMO's books?**

21 A: Plant retirements recorded on GMO's books follow the USoA accounting rules for mass
22 asset accounting by removing the original gross cost amount from both plant in service
23 account 101 and accumulated depreciation reserve account 108. The entry that is booked

¹³ See Report and Order, p. 10, Case No. EU-2014-0077 (July 30, 2014).

1 is a credit to account 101 which removes the original gross cost amount from plant in
2 service, and a debit to account 108 which reduces the accumulated depreciation reserve in
3 a like original gross cost amount. After this entry is recorded, the resulting net plant
4 (plant in service less accumulated depreciation) is identical as before the entry is
5 recorded.

6 **Q: To your knowledge, does GMO record retirements on its books in a manner that is**
7 **consistent with the practices of other electric utilities?**

8 A: Yes, based on my experience and guidance provided by the USoA, this is the practice
9 employed by GMO and used consistently across the electric utility industry.

10 **Q: Does GMO record plant retirements on a regular basis?**

11 A: Yes, like all other utilities in its normal operations, GMO retires plant, including
12 generating plant, on a regular basis and thus makes the associated accounting entries on a
13 regular basis as well. For the five-year period from October 2013 through September
14 2018, GMO retired approximately \$90 million of generating plant.

15 **Q: As a general matter, how do plant retirements affect depreciation expense and the**
16 **earnings of a utility?**

17 A: As I have described previously, when plant retirements occur the original cost of the asset
18 retired is credited and removed from plant in service. When looking at this in isolation,
19 depreciation expense stops being recorded for the asset although the cost of this asset is
20 included in rates. This isolated picture would increase earnings. Yet, the impact of
21 depreciation expense associated with the Sibley generating station was specifically
22 addressed in the 2018 rate case. As I discussed previously the Commission's Order
23 Approving 2018 Rate Case Stipulations requires GMO to record a regulatory liability to

1 capture the amount of depreciation expense for Sibley that was included in rates. In
2 essence therefore, Sibley continues to be depreciated in a manner consistent with the
3 depreciation expense amounts that are included in rates. As such, the earnings of the
4 Company are not currently being impacted by the depreciation effects of the retired
5 Sibley assets.

6 **V. THE REGULATORY ASSET RECORDED BY GMO TO COMPLY WITH GAAP**
7 **ACCOUNTING REQUIREMENTS DOES NOT SUPPORT COMMISSION**
8 **IMPOSITION OF AN AAO IN CONNECTION WITH SIBLEY'S RETIREMENT.**

9 **Q: OPC witness Schallenberg testifies that GMO has recorded a regulatory asset in**
10 **connection with Sibley's retirement.¹⁴ How do you respond?**

11 **A:** Mr. Schallenberg misconstrues the regulatory asset recorded by GMO in connection with
12 Sibley's retirement, which was made to comply with GAAP requirements, as being a
13 regulatory asset recorded pursuant to Commission authorization under the requirements
14 of the USoA. This section of Mr. Schallenberg's direct testimony¹⁵ is misleading and
15 should be disregarded.

16 **Q: Please explain, in general terms, the difference between GAAP requirements and**
17 **requirements of the USoA.**

18 **A:** Accounting requirements under GAAP govern the preparation of financial statements
19 filed with the SEC while accounting requirements under the USoA apply to regulatory
20 utility accounting and retail ratemaking, as overseen by this Commission. Numerous
21 differences exist between GAAP accounting and accounting under the USoA and,
22 consequently, utilities like GMO typically maintain a set of GAAP books of account and
23 a set of FERC books of account based on the USoA. GMO lists examples of these

¹⁴ Schallenberg Direct, p. 6, ll. 26-29.

1 differences, including plant to be retired which is the subject of GMO's Sibley regulatory
2 asset in question, on page 123.1 of its 2018 FERC Form 1, "GMO classifies certain items
3 in its accompanying Comparative Balance Sheet (primarily debt issuance costs, the
4 components of accumulated deferred income taxes, non-legal cost of removal, plant to be
5 retired, certain miscellaneous current and accrued liabilities, current regulatory assets and
6 regulatory liabilities and current maturities of long-term debt) in a manner different than
7 that required by GAAP."

8 **Q: What GAAP requirements mandated the different presentation of Sibley unit 3 and**
9 **common plant assets by GMO in connection with Sibley's retirement?**

10 A: First, I would note that GAAP did not require Sibley units 1 and 2 to be presented on the
11 balance sheet differently than how they are for FERC (i.e. within plant in service). For
12 GAAP purposes only, Sibley unit 3 and common plant was removed from plant in service
13 at the time the final retirement decision was made as required by the guidance in ASC-
14 980-360-35-1. Entries to GMO's GAAP books removed Sibley 3 and common from
15 plant in service and re-classified those facilities as plant to be retired as of June 30, 2017.
16 This was caused by management's intent to retire Sibley by the end of 2018, as
17 announced in a press release issued in June of 2017. Upon the actual retirement of Sibley
18 in November 2018, the Sibley 3 and common plant presented within plant to be retired
19 was then reclassified to a regulatory asset on GMO's GAAP books. It is important to
20 note that this regulatory asset for Sibley unit 3 and common plant does not represent the
21 recording of a new and incremental asset related to Sibley but instead, simply represents
22 a change in balance sheet presentation pursuant to GAAP for amounts related to Sibley 3

¹⁵ Schallenberg Direct, p. 5, l. 3 through p. 9, l. 5.

1 and common plant that were previously recorded within plant in service/plant to be
2 retired.

3 **Q: Did GMO record a similar regulatory asset on its FERC books kept in accordance**
4 **with the USoA when Sibley was retired?**

5 A: No. On a FERC basis, the relevant Sibley Unit 3 and common plant balances in accounts
6 101 and 108 were not re-classified to separate accounts and continued to be accounted for
7 as normal utility plant from a depreciation and retirement perspective until Sibley retired
8 in November 2018. Upon the retirement of Sibley Unit 3 and common plant, GMO
9 followed the accounting prescribed by the USoA and recorded the original book cost of
10 the assets as a credit to plant in service and a debit to the accumulated depreciation
11 reserve, as is done with all functional asset class retirements. To be clear, GMO has not
12 recorded a regulatory asset or liability on its FERC books in connection with the Sibley
13 retirement except for the depreciation expenses associated with the Sibley Plant as
14 prescribed in the GMO 2018 Rate Case Stipulation and Agreement discussed above.
15 GMO would not do so in the absence of an order from this Commission authorizing or
16 directing such accounting treatment.

17 **Q: What guidance must GMO follow for its FERC books kept in accordance with**
18 **USoA in determining the appropriateness of recording regulatory assets and**
19 **liabilities?**

20 A: In applying the USoA for the recording of regulatory assets, 18 CFR Definition 31 must
21 be followed. It states:

22 “Regulatory Assets and Liabilities are assets and liabilities that result from
23 rate actions of regulatory agencies. Regulatory assets and liabilities arise
24 from specific revenues, expenses, gains, or losses that would have been
25 included in net income determination in one period under the general

1 requirements of the Uniform System of Accounts but for it being
2 probable:

3 A. That such items will be included in a different period(s) for
4 purposes of developing the rates the utility is authorized to charge
5 for its utility services; or

6 B. In the case of regulatory liabilities, that refunds to customers, not
7 provided for in other accounts, will be required.

8 As I, and GMO witness Darrin Ives describe throughout our rebuttal testimony in this
9 case, this Commission has consistently followed the criteria as outlined in USoA General
10 Instruction 7, Extraordinary Items, to evaluate the appropriateness of establishing a
11 regulatory asset or liability. GMO has not requested and has not, nor been allowed to
12 utilize deferred accounting under the USoA regarding any rate action from a regulatory
13 agency in regard to the Sibley assets for which a GAAP regulatory asset was required to
14 be established. Thus, no similar regulatory asset has been recorded under the USoA.

15 **Q: In the final analysis, why should OPC witness Schallenberg's testimony regarding**
16 **the regulatory asset that GMO was required by GAAP to record in connection with**
17 **the Sibley retirement be disregarded?**

18 A: Accounting entries made in compliance with GAAP requirements are not governed by
19 the USoA which this Commission has adopted by rule for use in establishing retail rates
20 in Missouri. As such, whether a regulatory asset has or has not been recorded on GMO's
21 GAAP books is wholly irrelevant to the appropriateness of making use of deferral
22 accounting in connection with a particular event under the USoA. Mr. Schallenberg's
23 discussion of the GAAP- required regulatory asset has no bearing on the AAO request, is
24 extraneous and irrelevant to OPC and MECG's request in this proceeding and is raised, in
25 my opinion, only to mislead and confuse the Commission's examination of the issues.
26 Therefore, his discussion in this area should be fully disregarded.

1 **VI. SUMMARY OF PRINCIPAL CONCLUSIONS**

2 **Q: Please summarize your principal conclusions.**

3 A: Because the descriptions of the AAO requested by OPC and MCEG have been so
4 inconsistent and vague, GMO has no basis to make accurate deferral accounting entries,
5 even if such entries were appropriate.

6 The estimates placed by OPC witness Schallenberg and/or MCEG witness Meyer
7 on the magnitude of the deferral to be recorded pursuant to the AAO they seek are
8 erroneous and overstated for a variety of reasons, including:

- 9 ■ Property tax levels are unlikely to fall by any material degree as a result of
10 the Sibley retirement;
- 11 ■ The estimates of the undepreciated value of Sibley by OPC witness
12 Schallenberg and MCEG witness Meyer are erroneous and overstated;
- 13 ■ Sibley depreciation expense is already being deferred as a result of the
14 Commission's Order Approving 2018 Rate Case Stipulations;
- 15 ■ Sibley labor costs were included in rates as part of a "black box"
16 settlement of revenue requirement and, as such, no agreed-upon baseline
17 exists to calculate future changes in such costs and the period used by Mr.
18 Schallenberg does not consider significant changes addressed in the true-
19 up process in the rate case;
- 20 ■ Only a small number of Sibley employees have voluntarily ended
21 employment since the facility's retirement, while some remain at Sibley
22 and many others have transferred to other departments;

- 1 ▪ Sibley non-labor O&M costs were included in rates as part of a “black
- 2 box” settlement of revenue requirement and, as such, no agreed upon base
- 3 line exists to calculate future changes in such costs;
- 4 ▪ Mr. Schallenberg ignores the fact that some Sibley non-labor O&M costs
- 5 are already being deferred and he overstates the level of Sibley non-labor
- 6 O&M costs included in GMO’s rates;
- 7 ▪ Differences in future fuel costs from the level of fuel costs included in
- 8 GMO’s base rates are already subject to deferral under the operation of
- 9 GMO’s FAC and there is no basis to subject such costs to additional
- 10 deferral; and
- 11 ▪ The suggestion by Mr. Schallenberg that GMO has already recorded a
- 12 regulatory asset for ratemaking in connection with the Sibley retirement is
- 13 misleading, extraneous to the AAO request, and should be disregarded.

14 **Q: Does this conclude your testimony?**

15 **A: Yes, it does.**

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

The Office of the Public Counsel and)	
Midwest Energy Consumers Group)	
)	
v.)	Case No. EC-2019-0200
)	
KCP&L Greater Missouri Operations Company)	
)	

AFFIDAVIT OF RONALD A. KLOTE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

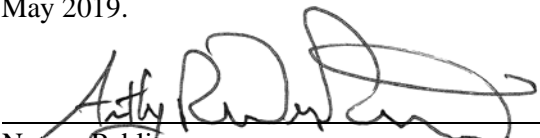
Ronald A. Klotz, being first duly sworn on his oath, states:

1. My name is Ronald A. Klotz. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of thirty-one (31) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Ronald A. Klotz

Subscribed and sworn before me this 23rd day of May 2019.



Notary Public

My commission expires: 4/26/2021

