







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

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<b>In the Matter of Evergy Metro, Inc. d/b/a</b>	)	
<b>Evergy Missouri Metro's Request for</b>	)	<b>Case No. ER-2022-0129</b>
<b>Authority to Implement a General Rate</b>	)	
<b>Increase for Electric Service</b>	)	
	)	
<b>In the Matter of Evergy Missouri West, Inc.</b>	)	
<b>d/b/a Evergy Missouri West's Request for</b>	)	<b>Case No. ER-2022-0130</b>
<b>Authority to Implement a General Rate</b>	)	
<b>Increase for Electric Service</b>	)	
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**Rebuttal 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 IN THIS PROCEEDING?**
  
- 9    A     Yes, I am.
  
- 10   **Q     ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**
  
- 11   A     This testimony is presented on behalf of the Missouri Industrial Energy Consumers
- 12         ("MIEC"), a non-profit company that represents the interests of industrial customers in

1 Missouri utility matters. These companies purchase substantial amounts of electricity  
2 Evergy Metro (“Metro”) formerly referred to as Kansas City Power & Light Company  
3 (“KCPL”) and Evergy West (“West”) formerly referred to as KCP&L-Greater Missouri  
4 Operations (“GMO”). The outcome of this proceeding will have an impact on their cost  
5 of electricity.

## 6 **INTRODUCTION AND SUMMARY**

7 **Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

8 A The purpose of my rebuttal testimony is to respond to the direct testimony on cost of  
9 service, revenue allocation and rate design filed by other parties in this proceeding.  
10 This includes the direct testimony of Kavita Maini on behalf of the Midwest Energy  
11 Consumers Group (“MECG”), and the direct testimony filed by Commission Staff  
12 witness Sarah Lange (“Staff”).

13 **Q PLEASE PROVIDE A HIGH LEVEL SUMMARY OF YOUR FINDINGS AND**  
14 **RECOMMENDATIONS.**

15 A In general, I find that Staff has proposed allocations among customer classes that are  
16 not based on generally accepted cost allocation principles, and that would seriously  
17 over-allocate costs to large, high load factor customers, particularly those who take  
18 service under the Large Power Service (“LPS”) rate. Many of Staff’s allocation methods  
19 are outside of the mainstream and/or use allocation parameters that have no  
20 reasonable relationship to cost-causation. Staff’s study should be rejected.

21 Staff’s class revenue allocation recommendation flows from use of Staff’s  
22 flawed cost allocations and therefore also is flawed, and should be rejected. Instead,  
23 Evergy’s cost of service study (as filed or the alternative presented by MECG) should

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1 be used to define class revenue requirements under conventional approaches. Those  
2 studies also should be used to determine an appropriate allocation of any change in  
3 revenues across customer classes.

#### 4 **COST ALLOCATION ISSUES**

##### 5 **Allocation of Fixed Production Costs**

6 **Q WHAT ALLOCATIONS HAVE BEEN PROPOSED FOR THE ALLOCATION OF**  
7 **FIXED PRODUCTION COSTS?**

8 A Different allocations have been proposed by Evergy, by MECG and by Staff.

9 Evergy has used Average and Excess - 4 Coincident Peak (“A&E-4CP”), MECG  
10 has utilized a slightly different version of A&E, the A&E – 4 Non-Coincident Peak (“A&E-  
11 4NCP”) allocation method. Both of these versions of A&E are time-tested, main-stream  
12 allocation methods which produce reasonable results. Note also that the resulting  
13 class cost of service outcomes are quite comparable for all major customers classes  
14 as between the two versions of the A&E cost of service study.

15 **Q WHAT METHOD DID STAFF USE FOR THIS PURPOSE?**

16 A As set forth on page 35 of Staff’s direct testimony, Staff purports to have used a  
17 weighted allocation based on A&E demand and also class energy consumption. Staff  
18 indicates that it used:

19 “...I used an A&E 4CP allocator consistent with the 1992 NARUC Cost  
20 Allocation Manual, which differs from the A&E 4NCP allocator  
21 developed by the Company.”<sup>1</sup>

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<sup>1</sup>Staff’s direct testimony at 35.

1                   This is backwards. In fact, Evergy used an A&E - 4CP allocator so Staff seems  
2 confused on this point.

3   **Q       HOW DOES STAFF SAY THAT THE ALLOCATOR WAS APPLIED?**

4   A       At page 35 Staff refers to a weighting between dispatchable and non-dispatchable  
5 generation, with the costs associated with the non-dispatchable generation (Solar and  
6 Wind) being allocated on the basis of class energy consumption.

7   **Q       WHAT IS STAFF'S BASIS FOR ARGUING THAT THE ALLOCATION OF FIXED  
8 COSTS ASSOCIATED WITH RENEWABLE RESOURCES SHOULD BE ON THE  
9 BASIS OF KWH USAGE BY CUSTOMER CLASS?**

10 A       Staff does not provide a basis for this approach or explain the weighting.

11 **Q       IS THERE A BASIS FOR ALLOCATING THE COSTS OF RENEWABLE  
12 RESOURCES TO CUSTOMER CLASSES ON KWH REQUIREMENTS, RATHER  
13 THAN THE MORE CONVENTIONAL ALLOCATION USED FOR OTHER  
14 GENERATION RESOURCES?**

15 A       No. These resources have a capacity value and also generate energy. The fixed costs  
16 associated with all of these resources should be allocated in the same way as the fixed  
17 costs associated with other resources in the generation portfolio.

18 **Q       PLEASE ELABORATE.**

19 A       To effectively and cost-efficiently serve the power requirements of its customers,  
20 electric utilities (including Evergy) invest in and/or procure through purchased power  
21 agreements a variety of generation resources that have different characteristics. A

1 generation resource portfolio typically includes baseload facilities that are designed to  
2 operate most of the time, and which have (in a relative sense) higher fixed costs, and  
3 lower variable cost. At the other end of the spectrum of characteristics are peaking  
4 plants (whose use is expected to be needed only infrequently for unexpected needs  
5 and for peaking capacity) that have (in a relative sense) relatively higher variable costs  
6 and relatively lower fixed costs. Other types and vintages of generating units fill roles  
7 in between those two.

8 In addition, generation portfolios often include a variety of renewable resources  
9 (such as Solar and Wind) that are intermittent in the sense that their output is available  
10 only when the sun shines or the wind blows.

11 Recognizing that all of these facilities are part of an overall generation resource  
12 portfolio designed to serve the overall power requirements of a utility's customers at  
13 the lowest overall reasonable cost, and that all provide capacity, the generally accepted  
14 method is to allocate the fixed costs associated with all of these facilities on the basis  
15 of an appropriate measure of customer demand, and to allocate all of the variable costs  
16 to customer classes on the basis of relative class kWh requirements. Accordingly, the  
17 fixed costs of all generation resources should be allocated using the same A&E  
18 allocator. Allocating the fixed costs of certain generation resources on the basis of  
19 class energy usage is not a generally accepted method and should be rejected.



1 **Distribution System Allocation**

2 **Q STAFF SPENDS A CONSIDERABLE AMOUNT OF TIME AT PAGES 31-34 CITING**  
3 **A NUMBER OF DATA REQUESTS THAT IT POSED TO EVERGY, ALONG WITH**  
4 **THE RESPONSES. DO YOU HAVE ANY COMMENTS ON STAFF'S ISSUES WITH**  
5 **RESPECT TO DISTRIBUTION SYSTEM ALLOCATION?**

6 A Yes. Staff seems to think that the inability to identify certain costs at the microscopic  
7 level makes Evergy's studies imprecise and unreliable.

8 **Q WHAT IS YOUR REACTION TO STAFF'S CRITICISMS?**

9 A The questions on pages 31-34 of Staff's direct testimony request a level of detail that  
10 is unnecessary to perform a class cost of service study. Rates are made for broad  
11 classes of customers, and information such as that requested in Question 0215 is in  
12 such minute detail that even if it were provided, it is difficult to see how it would be of  
13 any value in calculating class cost of service. Specifically, this question asks Evergy  
14 to identify, for each voltage and phase combination at which customers are billed, the  
15 number of customers billed on each combination, by rate schedule, and further to  
16 identify the number of customers for each combination at the beginning and 15<sup>th</sup> of  
17 each calendar month from January 2018 through December 2022 (120 data points).  
18 Furthermore, the question asks for hourly load data for each customer for the entire  
19 five-year period (43,800 data points for each customer).

20 **Q WHAT IS YOUR OVERALL ASSESSMENT OF THE LEVEL OF DETAIL BEHIND**  
21 **EVERGY'S CLASS COST OF SERVICE STUDIES?**

22 A I believe the level of detail is consistent with the level of detail and the practices of other  
23 electric utilities.

1 **Q WHAT IS THE BASIS FOR THAT STATEMENT?**

2 A It is based on 50 years of experience in reviewing class cost of service studies  
3 performed by numerous electric utilities in 34 different regulatory jurisdictions.

4 **Other Allocations**

5 **Q AT PAGE 30 STAFF REFERS TO CERTAIN “NEWER COMPONENTS” OF**  
6 **REVENUE REQUIREMENT SUCH AS PLANT IN SERVICE ACCOUNTING**  
7 **DEFERRALS OR GENERATION DEPLOYED TO MEET ENVIRONMENTAL GOALS**  
8 **OR ACHIEVE PROFITS IN THE SPP MARKETPLACE. STAFF ASSERTS THAT**  
9 **THESE COMPONENTS “DO NOT APPEAR” TO HAVE BEEN A CONSIDERATION**  
10 **IN THE 1992 NARUC COST ALLOCATION MANUAL. STAFF THEN CONCLUDES,**  
11 **WITHOUT ANY LOGICAL SUPPORT OR ANALYSIS, THAT: “AS A KWH OF**  
12 **ENERGY IS THE BASIC UNIT OF THE SERVICE AN ELECTRIC UTILITY**  
13 **PROVIDES, THESE COSTS AND EXPENSES ARE BEST ALLOCATED ON THE**  
14 **BASIS OF ENERGY SALES.” PLEASE RESPOND TO STAFF’S STATEMENT.**

15 A The short answer is that it is completely devoid of any analysis and is inconsistent with  
16 generally accepted cost allocation principles. As a result, any such allocations that flow  
17 from this concept should be rejected.

18 **Q PLEASE EXPLAIN.**

19 A Although there are new categories of cost, they still are part of the overall basic cost of  
20 service, including assets and expenses in various functions. Plant in service  
21 accounting deferrals are plant-related, not energy-related. Generation investment,  
22 regardless of the type generation, is still generation investment and should be treated  
23 as such. And, nobody would build plants simply to earn profits in SPP. Accordingly,

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1 none of these costs are properly treated as energy-related and none of them should be  
2 allocated to customer classes on a kWh basis.

### 3 **REVENUE ALLOCATION**

4 **Q WHAT IS YOUR RECOMMENDATION ON INTERCLASS REVENUE ALLOCATION?**

5 A In my direct testimony, I supported the Company's allocation if it received the same  
6 level of revenue change that it had proposed. I also indicated that if Metro does not  
7 receive as much of an increase as it has requested, that the increases proposed for  
8 the Residential class and the CCN be maintained at the level proposed by Metro, and  
9 that the difference between the awarded revenue increase and the increase proposed  
10 by Metro should be distributed proportionately to the customer classes other than  
11 Residential as an equal percentage decrease from proposed revenue levels.

12 **Q HAVE YOU REVIEWED THE DIRECT TESTIMONY OF MECG WITNESS MAINI ON**  
13 **THE ISSUE OF INTERCLASS REVENUE ALLOCATION?**

14 A Yes. She sets forth her recommendation at page 31 of her direct testimony.  
15 Essentially, she recommends that to the extent Evergy Metro receives a smaller  
16 increase than requested, that more progress toward class cost of service than  
17 proposed by Evergy be made by effectively reducing the increase to those customers  
18 with rates of return above the system average.

19 This is generally consistent with my approach of adjusting the revenue  
20 increases to move closer to cost of service.

**RATE DESIGN**

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**Q     WHAT COMMENTS DO YOU HAVE WITH RESPECT TO THE DESIGN OF RATES FOR LARGE GENERAL SERVICE (“LGS”) AND LPS?**

A     I did not take exception to Evergy Metro’s design of the LGS or LPS rate. I indicated that if the final outcome is less revenue from the LGS and LPS rates, that I would reduce the proposed energy charges by uniform amount per kWh to achieve the adjusted revenue target. I further indicated that in the unlikely event that the final outcome would be a revenue level from these rates higher than what Metro has proposed, I would recommend an increase in the proposed demand and customer charges by the same percentage in order to collect the additional revenue; leaving the energy charges at their proposed level.

**Q     HAVE YOU REVIEWED THE RECOMMENDATIONS OF MECG WITNESS MAINI AT PAGES 34 AND 35 OF HER DIRECT TESTIMONY WITH RESPECT TO RATE DESIGN?**

A     Yes. I find witness Maini’s recommendations also to be a reasonable approach.

**Q     WHAT IS YOUR UNDERSTANDING OF STAFF’S PROPOSAL WITH RESPECT TO RATE DESIGN FOR NON-RESIDENTIAL CUSTOMERS?**

A     It is my understanding (Staff’s direct testimony at page 60) that each schedule should be enhanced with overlays that would increase charges during the on-peak periods and decrease charges during the off-peak periods. These overlays presumably are the same overlay value set forth on page 43 of Staff’s direct testimony, which includes a 1 cent per kWh overlay for summer peak hours, a 1 cent per kWh credit for all super off-peak hours, and a non-summer peak adder of one-quarter of 1 cent per kWh.

1 **Q DID STAFF PRESENT ANY INFORMATION FOR NON-RESIDENTIAL**  
2 **CUSTOMERS THAT WOULD INDICATE THE NET RATE SCHEDULE IMPACT OF**  
3 **ADDING THESE OVERLAYS TO INDIVIDUAL RATE SCHEDULES?**

4 **A** No. Staff did not provide any information showing what that impact would be, nor did  
5 it study the potential impacts to individual customers taking service under the various  
6 non-residential rates.

7 **Q WHAT IS YOUR RECOMMENDATION?**

8 **A** Staff's proposals may be reasonable, but there is no basis in this case to evaluate them.  
9 A better approach would be to consider these enhancements in collaborative  
10 proceedings that would take place between this case and the next rate case.

11 **Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

12 **A** Yes, it does.

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