Exhibit No. 306 - EMW

OPC – Exhibit 306 - EMW
Geoff Marke
Direct Testimony
File Nos. ER-2022-0129 & ER-2022-0130

Exhibit No.: _____
Issue(s): Management Actions/Stranded Asset: Sibley Power Plant/Advance Metering Infrastructure/ Clean Charge Network/ Plant-In Service Accounting/ Income Eligible Programs/Late Fees
Witness/Type of Exhibit: Marke/Direct
Sponsoring Party: Public Counsel
Case No.: ER-2022-0130

DIRECT TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of the Office of the Public Counsel

EVERGY MISSOURI WEST, INC. D/B/A EVERGY MISSOURI WEST

CASE NOS. ER-2022-0130

June 8, 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 Increase for Electric Service	))))	Case No. ER-2022-0129
In the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2022-0130

AFFIDAVIT OF GEOFF MARKE

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

Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Chief Economist for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my direct testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Geoff Marke
Chief Economist

Subscribed and sworn to me this 8th day of June 2022.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

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

Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

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DIRECT TESTIMONY

OF

GEOFF MARKE

EVERGY MISSOURI WEST

CASE NO. ER-2022-0130

I. INTRODUCTION

Q. Please state your name, title and business address.

A. Geoff Marke, PhD, Chief Economist, Office of the Public Counsel (OPC or Public Counsel), P.O. Box 2230, Jefferson City, Missouri 65102.

Q. What are your qualifications and experience?

A. I have been in my present position with OPC since 2014 where I am responsible for economic analysis and policy research in electric, gas, water, and sewer utility operations.

Q. Have you testified previously before the Missouri Public Service Commission?

A. Yes. A listing of the Commission cases in which I have previously filed testimony and/or comments is attached in Schedule GM-1.

Q. What is the purpose of your direct testimony?

The purpose of my testimony is to provide an overview of what has occurred since Evergy Metro and Evergy West's last rate case. I then provide support for my recommendations for cost disallowances (or continued conditional cost recovery) related to the prematurely stranded Sibley Power Plant, Automated Metering Infrastructure ("AMI")" and the Clean Charge Network ("CCN"). Finally, my testimony makes recommendations related to Plant-In-Service Accounting ("PISA") investments, low-income programs, and late fees.

II. MANAGEMENT ACTIONS SINCE THE LAST RATE CASE

Q. Have significant managerial actions occurred since the last combined rate case?

A. There have. I will attempt to provide a brief retrospective reminder of much of what happened. Tariffs from the last rate case were approved on 11/26/2018. On 12/31/2018 both Metro and West filed notice with the Commission that they would be electing Plant-In-Service

Accounting ("PISA") that required five-year capital investment plans in the first quarter of 2019. Tables 1 and 2 include the five-year estimated capital investment amounts per year from the original PISA plans for both utilities.

Table 1: 2019 Evergy Metro (formerly KCP&L-MO) 5-year Capital Overview

KCP&L-MO 5-Year Total Capital Overview (millions)						
Major Categories	2019	2020	2021	2022	2023	Total
Generation	$66.5	$71.0	$56.4	$53.2	$64.3	$311.3
T&D	$75.2	$80.1	$82.6	$91.9	$86.1	$415.8
IT	$24.6	$26.1	$17.2	$17.7	$11.2	$96.8
Other	$3.7	$1.2	$0.9	$0.9	$0.9	$7.6
Total	**$169.9**	**$178.5**	**$157.1**	**$163.7**	**$162.4**	**$831.6**

Table 2: 2019 Evergy West (GMO) 5-year Capital Overview

GMO 5-Year Total Capital Overview (millions)						
Major Categories	2019	2020	2021	2022	2023	Total
Generation	$30.5	$43.4	$18.7	$21.4	$24.2	$138.2
T&D	$112.2	$106.2	$98.4	$81.5	$91.8	$490.0
IT	$20.5	$16.5	$11.8	$11.1	$8.4	$68.3
Other	$3.2	$0.3	$0.3	$0.3	$0.3	$4.4
Total	**$166.4**	**$166.4**	**$129.1**	**$114.4**	**$124.7**	**$700.9**

Approximately one-year later it was publically announced that activist investor, Elliott Management Corp., who managed funds that owned 11.3 million shares of Evergy (or about 5% of the Company's, at the time, market capitalization) was aggressively urging Evergy to take steps to boost its stock price, including the addition of new board members and management and the exploration of a stock-for-stock merger. According to a 2019 *Kanas City Business Journal* article over the announcement of the activist investor:

> Elliott thinks Evergy's stock-price underperformance is directly related to the $14 billion combination of Topeka-based Westar Energy Inc. and Kansas City-based Great Plains Energy Inc. in May 2018. . . .
>
> "A full revamp of Evergy's long-term capital plan and operating strategy" is necessary at this "critical juncture" in the company's history, more than 19 months after the completion of the merger, Elliott wrote Tuesday.[1]

Q. Did Elliott Management have an impact on Evergy's capital investments?

A. Yes. Tables 3 and 4 include each subsequent 5-year capital investment overview in Evergy Metro and Evergy West's PISA plans as well as the % increase from the original pre-Elliott plan.

Table 3: Evergy Metro 5-year PISA investments plan comparisons

	2019 Pre-Elliott	2020 Post-Elliott	2021	2022	2023	2024	2025	2026	5-year total	% increase from original pre-Elliott plan
2019 Plan	$169.9 $199*	$178.5	$157.1	$163.7	$162.4				$831.6	
2020 Plan		$249.2 $277*	$302.4	$264.3	$226.4	$229.2			$1271.5	53% increase
2021 Plan			$335 $378*	$334	$234	$328	$289		$1540	85.2% increase
2022 Plan				$348	$250	$325	$385	$392	$1700	104.4% increase

[1] Lieberman, L. (2020) Activist investor issues Evergy an ultimatum *Kansas City Business Journal.* https://www.bizjournals.com/kansascity/news/2020/01/21/evergy-elliott-management-activist-investor

Table 4: Evergy West 5-year PISA investments plan comparisons

	2019 Pre-Elliott	2020 Post-Elliott	2021	2022	2023	2024	2025	2026	5-year total	% increase from original pre-Elliott plan
2019 Plan	$166.4 $169.7*	$166.4	$129.1	$114.4	$124.7				$700.9	
2020 Plan		$306.9 $334*	$341.2	$273.7	$224	$228.2			$1374	96% increase
2021 Plan			$447 $504*	$382	$261	$356	$396		$1842	163% increase
2022 Plan				$380	$299	$488	$339	$576	$2083	197.2% increase

Q. What should the Commission note from these tables?

A. That the Elliott intervention had a profound impact on Evergy's capital spend. Evergy West's 5-year plan was increased 197.2% in overall spend and Evergy Metro's increased 104.4%. Additionally, each actual year's spend has exceeded the estimated budget for both utilities to date.

Q. Has Evergy's market valuation increased since the last rate case?

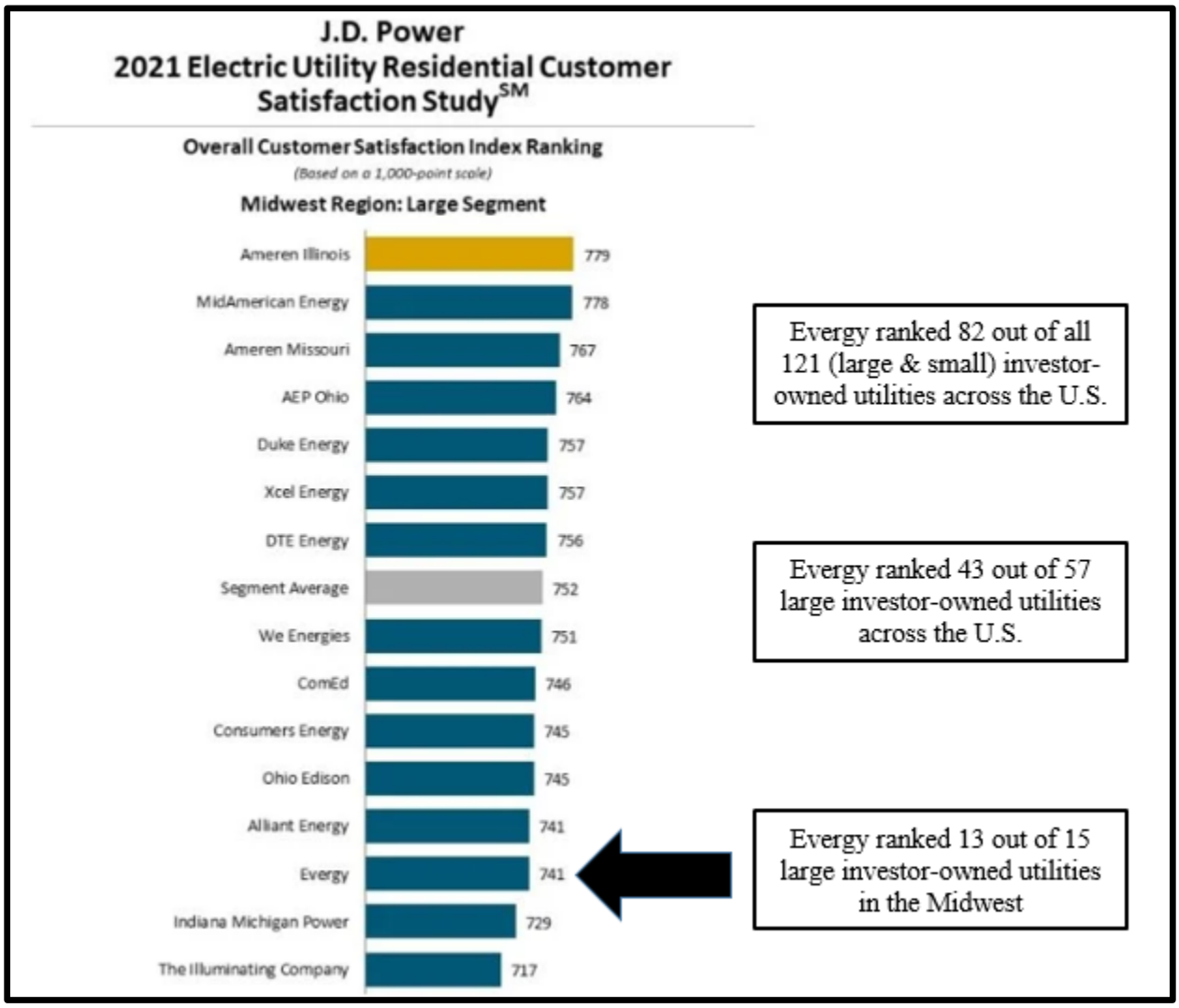
A. Yes. Figure 1 includes a snippet of the EVRG ("Evergy") ticker for close of business 6/7/2022 and shows that the Company has increased its valuation by 26.2% since January 2019.

Figure 1: EVRG Ticker 6/7/2022

Q. Those are great outcomes for shareholders. How have ratepayers faired?

A. Not nearly as well. Although not Missouri-specific, Figure 2 shows the 2021 J.D. Power Midwest Large Utility Residential Customer Satisfaction Score where Evergy is scoring in the bottom tier across all utilities.

Figure 2: 2021 J.D. Power Midwest Large Utility Residential Customer Satisfaction Score



Q. Where did Evergy rank in the last rate case?

A. Evergy was 79 out of 138 investor-owned utilities in 2018. In 2021 they are now ranked 82nd out of 121.

Q. What do you believe is contributing to this downward trend?

A. Many factors. A non-exhaustive list includes the following:

- Evergy Metro and West were the only Missouri utilities to refuse shareholder contributions towards COVID-19 arrearages when seeking special treatment from the Commission (also

the utility with the largest residential arrearage amounts) despite assertions that **"We are in this together… We are going to power through this… together."** ";[2]

- Evergy Metro and West are the only Missouri utilities to not sell excess renewable energy credits for the benefit and cost savings of its customers (this amount is in excess of $5 million to date);[3]
- Evergy West attempted to game the regulatory process by including its self-imposed stranded power plant (Sibley) in rates by claiming it was still operational after management retired it;[4]
- Both Companies are still making customers who want to participate in its Commission approved solar subscription tariff wait (more than three years) by failing to build said utility-scale solar project;
- To date, both Companies have completed more than 13 ratepayer-funded Time-of-Use studies but failed to offer Time-of-Use rates to all of its customers to date;[5]
- Both Companies invested hundreds of millions of dollars in hardware and software for its AMI meters and now wants to replace the meters to make it easier to remotely disconnect customers (before said assets have been fully depreciated or realized any of the proposed benefits);[6]
- Despite having a multi-million dollar ubiquitous charging network (that can't cover its costs) throughout its service territory, the combined areas of St. Louis County, St. Louis City and St. Charles County have 3,681 registered battery and plug-in EVs or 2,287 more EVs than Evergy's entire service territory;[7]
- Evergy West incurred more than $300 million in excess fuel costs from Winter Storm Uri due to the Company's inability to provide enough reliable generation and plan accordingly;

[2] See Marke Rebuttal and Surrebuttal in Case No. EU-2020-0350
[3] See Rebuttal Testimony of Cynthia M. Tandy in Case Nos. EO-2022-0064 and EO-2022-0065
[4] See also OPC and MECG's complaint in Case No. EC-2019-0200
[5] This will be discussed in greater detail in my direct rate design testimony.
[6] This is discussed in greater detail below.
[7] See also Marke rebuttal in Case No. ET-2021-0151

- Evergy West and Metro were the only utilities in Missouri to spend more money on administrative overhead costs than actual energy efficiency actions in its MEEIA programs;[8] and
- Evergy West and Metro have cost ratepayers a combined $466,308,892 in losses through the fuel adjustment charge since 2014 due to poor Power Purchase Agreements ("PPA") in wind energy. That is, ratepayers are paying SPP to take the power produced from these units—the revenues (approaching a historical level of a half a billion to date) are negative;[9]

III. STRANDED ASSET: SIBLEY POWER PLANT

Q. What is a stranded asset?[10]

A. A "stranded asset" is a term that has different meanings depending on the context. Assets become stranded if their expected cash flow is less than their remaining book value—in other words, if the asset is expected to generate less revenues than it will cost from a point in time until the end of its useful life. Regulation-based stranded assets differ from market based stranded assets. The latter simply compares the book value of an asset relative to some future market value of the asset. For example, if an oil reserve has $1 billion book value but sliding demand due to carbon taxes or other environmental regulations reduces its market value to $400 million, the result is $600 million in stranded assets. By contrast, regulation based assets are assets that are subject to cost-of-service or other rate-of-return regulation.

Government regulators have explicitly approved regulation based assets to earn a return over a defined period at some point in the past if the asset is deemed "used" and "useful."[11]

[8] Evergy also failed to fully utilize its tens of thousands programmable thermostats or business demand response events.

[9] See direct and surrebuttal testimony of Lena M. Mantle in Case No. EO-2019-0067

[10] Economist Robert Michaels made a compelling argument in a 1994 essay that, in "220 years of speculating on the nature of competition since Adam Smith, economists got along fine without ever developing such a concept as "stranded costs." The idea is a new invention. No other business has had such a "right" in its arsenal to shield itself from the effects of dynamic competition. See, Michaels, R. (1994), "Unused and Useless: The Strange Economics of Stranded Investment," *The Electricity Journal*, October, pp. 12-22.

[11] To ensure affordability and full utilization of the asset, the cost recovery generally is amortized throughout its expected "useful life." The asset costs are allocated to all customers on a pro-rata basis, and are generally recovered on

A regulated supply-side asset is meant to provide service throughout its life to the captive customers who are paying for its use. That is, absent government-sanctioned intervention or a categorical loss in load (*i.e.*, "a death spiral"), a regulated asset should not become stranded.

Q. What is an example of a government-sanctioned intervention that could strand a regulated asset?

A Deregulation is the most obvious recent historical example. At the turn of the century, many states passed laws to deregulate their vertically integrated electric utilities and create a competitive generation market. In theory, under deregulation, electricity prices would more closely align with economic, not accounting, costs. In vertically-integrated regulated states like Missouri, electricity prices are based on utilities' actual expenditures, and utilities have little reason to control costs, because cost reductions ultimately are passed on to consumers. Additionally, regulators allow utilities to earn a specified rate of return on capital expenditures to "incentivize" investment in capital-intensive facilities. That is, utilities have a perverse incentive to increase their capital investments, i.e., rate base. In contrast, in a competitive market, asset owners reap more benefits for lower costs and, thus, are incentivized to minimize their costs, as cost-recovery is not guaranteed.[12]

Another historical example of a stranded asset is the significant cost overruns associated with mismanaged nuclear power plants that never became "used and useful." Whether or not these stranded investment costs were recovered from captive ratepayers varied depending on the circumstances and the government regulator. Some utilities had to write off their uneconomic assets, while others did not. A final example scenario where an asset may be a stranded investment is where there is an aggressive government-sanctioned compliance policy that makes the asset uneconomic. Examples of such policies are

a volumetric basis. As the number of customers change, the volumetric charge is adjusted so that the utility only recovers the value of the asset (including associated potential profit).

[12] Deregulation or "industry restructuring" is different from the wholesale markets, which each of our investor-owned electric utilities in Missouri participate in. In a wholesale market, utilities buy and sell power among themselves or from independent merchant generators at prices that reflect conditions of supply and demand.

renewable portfolio standards ("RPS"), carbon pricing schemes (see Regional Greenhouse Gas Initiative "RGG" states), and carbon-emission reduction standards (see California and its historical natural gas distribution investment or the now defunct U.S. Clean Power Plan "CPP").

Q. Have Missouri electric utilities been subjected to any events beyond their control that could strand their investments?

A. No. Missouri did not deregulate the generation assets of its regulated utilities. It is a vertically integrated state (distribution, transmission, and generation are owned by the same entity).

Moreover, Section 393.135, RSMo, is in place. It prevents the cost recovery of investment in any existing or new facility of an electric corporation before it is "fully operational and used for service." This voter-driven initiative was spurred, in part, from the large capital overruns of nuclear power plants across the United States in the 1970s, including Union Electric Company's Callaway nuclear plant. Missouri does have a RPS, but a 1% retail rate impact cap tempers any excessive costs associated with this mandate, and that standard has not stranded any asset.

Finally, Missouri electric utilities do not experience any carbon pricing penalty and are not subject to any enforceable state-level emission reduction targets.

There are no events beyond its management's control that could be said to have induced Evergy West to strand its investment in the Sibley Power Plant.

Q. Was it imprudent to shut down Sibley?

A. Yes. A list of non-exhaustive reasons include the following:

- The Sibley retirement was accelerated twenty-two years from 2040 to 2018 resulting in hundreds of millions of dollars in remaining book-value;
- Sibley represented GMO's largest, dispatchable baseload coal plant and was replaced with "take-or-pay" purchased power contracts where energy is required to be sold to the SPP market whether it is cost-effective to do so or not;

- GMO retired this large base-load supply-side capacity even though GMO is the only Missouri electric IOU:
  - To experience customer load growth;
  - expected to get new "economic" base load growth brought on by the addition of the NuCor steel smelter in Sedalia; and
  - short on capacity;
- GMO's largest wholly-owned power plant was replaced with a capacity contract with its affiliate Kansas City Power & Light Company (Evergy Metro);
- This proved to be inadequate under the Winter Storm Uri of 2021 that resulted in over $300 million in fuel related costs for Evergy West because they did not have enough reliable generation;
- Integrated resource plan (IRP) modeling only considered the full retirement of Sibley, no seasonal operations were considered and no decommissioning costs were modeled;
- IRP modeling only considered Sibley as a retirement option and did not consider the possible continued operation of Sibley. GMO's modeling allowed for the continued operation of the Crossroads Energy Center even though Sibley was more profitable and more efficient. Furthermore, GMO's modeling allowed for the continued operation of the Jeffrey Energy Center even though Sibley was more environmentally friendly;
- Evergy West attempted to game the retirement of Sibley by timing it around settlement of its rate case but choosing not to disclose this information to stakeholders until after Sibley was in rates.[13]
- The 2017 IRP that selected the Sibley retirement is based on a modeling assumption that KCPL and GMO resources are one, not two utilities. This is also now (as of 2018) how SPP accounts for KCPL and GMO for its resource adequacy filings—as

[13] This was later addressed through a complaint case filed by OPC and MECG in Case No. EC-2019-0200, which resulted in the creation of regulatory liability.

one entity; however, both KCPL and GMO rejected OPC's request to merge the two Missouri Company's as one for setting rates in the Company's last rate case. Effectively, GMO rationalized the retirement of Sibley by relying on the excessive capacity currently existing at KCPL, which proved woefully inadequate, most recently, during Winter Storm Uri.

Voluntarily stranding an asset with more than twenty-two years of remaining life is extraordinary. If Ford shut down an operating vehicle manufacturing plant it would cease to generate revenues from future car build out from that plant. Why GMO and the Sibley power plant are afforded this luxury and the competitive private sector is not is a result of monopolistic overreach and a distortion of the regulatory process.

Taking the illustrative analogy to the next step, if Ford's management elected to shut down an operating plant that was making Ford F150's at a more efficient, more productive and cleaner rate than other operating plants at a time when Ford's market analysts report increasing current and future demand for F150s then shareholders would rightly question the logic of the decision and most certainly would consider it an "imprudent" management decision because it would impact their bottom line. That feedback loop, whether from shareholders and/or the market is a powerful inducement to operate efficiently. In contrast, incumbent natural monopolies are not beholden to the same level of competitive scrutiny unless economic regulators hold the utility accountable and protect captive ratepayers.

Q. Are there any benefits from stranding a coal plant?

A. There are absolutely clear environmental and health-related benefits from the closure of fossil fuel generating plants.

Q. Do those environmental and health benefits outweigh the costs?

A. It would largely depend on what perspective you took and who absorbs the costs (shareholder, ratepayer, society at large, etc…). I also believe additional (non-exhaustive) factors need to be considered such as rate shock, reliability concerns and management (fiduciary to shareholders) and commission (economic to ratepayers) responsibility.

Finally, the assumptions and inputs factored into such an analysis would necessarily produce different outcomes.

Perhaps most telling to me, from an economic regulatory perspective, is that no environmental regulators were demanding this plant to be shut down.

Q. Are there any other factors to consider?

A. The entire exercise of utility regulation is supposed to provide an economic proxy for a competitive market. In the competitive market, if an asset becomes stranded it is written off and investors bear the consequences. There is a risk in any capital decision a company makes. That's why management is rewarded as well as they are if they are successful by making sound decisions in the face of competitive risk. The situation with Sibley should be no different.

I cannot stress enough that it was Evergy's management's decision to build the coal plant in the first place. The idea that coal was bad for the environment or for one's health is not a new, novel discovery and Evergy's management was in a better position than anyone to know that when they decided to spend hundreds of millions of dollars by building out rate base and increase earnings off of environmental and efficiency upgrades to extend the useful life of the Sibley Power Plant through 2040.

Q. What is your recommendation?

A. It was imprudent to strand the Sibley Power Plant after investing hundreds of millions dollars to extend its useful life. Ratepayers should not have to absorb the costs of a plant that is neither used nor useful. Consistent with how a market would operate when an asset is stranded my recommendation is for a cost disallowance on the remaining balance associated with Sibley unit 3 and Common over retrofits and environmental upgrades that

extended the useful life of the unit to 2040.[14] I further recommend that the Company not receive a return on any of the remaining balance.

IV. ADVANCED METERING INFRASTRUCTURE

Q. What is the current state of AMI hardware and software in the Evergy Metro/West service territories?

A. Evergy is in the process of replacing its recently installed AMI (meter) models with updated AMI models because the original models do not have a remote disconnection capability. They anticipate changing out all models that currently do not have this function (at least 288,000 West and all meters in Metro[15]) over the next three years.[16]

Q. Didn't Evergy Metro and West install AMI's?

A. They did. In fact, in the last rate case, Evergy West's service territory was not even fully installed.

Q. What was the average lifespan of the original AMI meters?

A. The same as its depreciation rate, 20 years.[17]

Q. When were these AMI meters installed?

A. As provided in my surrebuttal testimony in Case Nos. ER-2018-0145 and ER-2018-0146:

[14] The net book value of unit 3 and common plant as of June 30, 2018 was $267,133,347. These numbers are sourced from Staff's True-Up accounting schedules from Case No. ER0-2018-146. That is taking total plant balance minus accumulated reserve. OPC is in the process of verifying these numbers which is to say, this would be the maximum "return of" we would recommend for disallowance. Subsequent filings will revise this number downward (e.g., this number should be reduced to account for four additional months of depreciation accrual prior to its retirement).
[15] See GM-2 OPC DR-2116
[16] See GM-3 OPC DR-2117
[17] See GM-4 OPC DR-2120

AMI Projects	Qtr-Year	Manual Meter Counts	AMR Meter Counts	AMI Meter Counts	Total Meter Counts	Pct AMI
Smart Grid Demonstration Zone	4th Qtr 2010	322,184	253,481	9,004	584,669	1.54%
	1st Qtr 2011	322,259	250,341	12,331	584,931	2.11%
AMR to AMI Meter Exchange Metro	1st Qtr 2014	322,117	254,661	13,233	590,011	2.24%
	2nd Qtr 2014	321,307	252,369	16,121	589,797	2.73%
	3rd Qtr 2014	322,364	249,782	19,941	592,087	3.37%
	4th Qtr 2014	323,031	225,583	46,410	595,024	7.80%
	1st Qtr 2015	322,577	159,529	111,956	594,062	18.85%
	2nd Qtr 2015	323,024	86,122	186,100	595,246	31.26%
	3rd Qtr 2015	321,064	15,657	256,686	593,407	43.26%
	4th Qtr 2015	275,438	922	324,476	600,836	54.00%
Extended Metro AMI Meter Exchange	1st Qtr 2016	214,629	393	397,280	612,302	64.88%
	2nd Qtr 2016	150,749	173	462,577	613,499	75.40%
	3rd Qtr 2016	149,920	80	465,230	615,230	75.62%
	4th Qtr 2016	149,773	70	465,856	615,699	75.66%
Rural KCPL AMI Meter Exchange	1st Qtr 2019	150,000	0	475,000	625,000	76.00%
	2nd Qtr 2019	125,000	0	500,000	625,000	80.00%
	3rd Qtr 2019	100,000	0	525,000	625,000	84.00%
	4th Qtr 2019	75,000	0	550,000	625,000	88.00%
	1st Qtr 2020	50,000	0	575,000	625,000	92.00%
	2nd Qtr 2020	25,000	0	600,000	625,000	96.00%
	3rd Qtr 2020	1,000	0	624,000	625,000	99.84%
	4th Qtr 2020	0	0	625,000	625,000	100.00%

Q. What should the Commission note from this table?

A. It is not entirely clear what happened in 2017 and 2018. From the Company's response, I conclude that no additional AMI meters were deployed in those years. The erratic pace of deployment is both confusing and apparently at odds with what KCPL/GMO were publically saying back in 2016. For example, the August 29, 2016 KSHB local news investigation on "smart meter fires" states:

> Kansas City Power & Light is at the tail end of a two and a half year project to install more than 700,000 smart meters across the metro. . . . KCP&L Vice President Chuck Caisley said in a statement to the 41 Action News Investigators, "Out of the more than 700,000 meters KCP&L has installed, we are only aware of a handful of meter malfunctions."[18]

Q. Were these meters at all close to fulfilling their depreciation life?

A. No. The earliest meters, the 9,004 meters installed in the 2010 Smart Grid Zone Demonstration Project, would still be 40% undepreciated.

Q. What is the primary benefit for AMI meters?

A. The ability to price electricity closer to the true cost of service through time-of-use rates ("TOU"). A secondary benefit is more finite energy usage (15 minute intervals), which can be useful if a customer is considering rooftop solar as a possible large capital investment.

Q. Has Evergy offered TOU rates to its customers?

A. No. The Company has put on a small pilot that encompassed approximately 1% of its customer base and conducted at least thirteen rate-payer funded 3rd party studies to date.

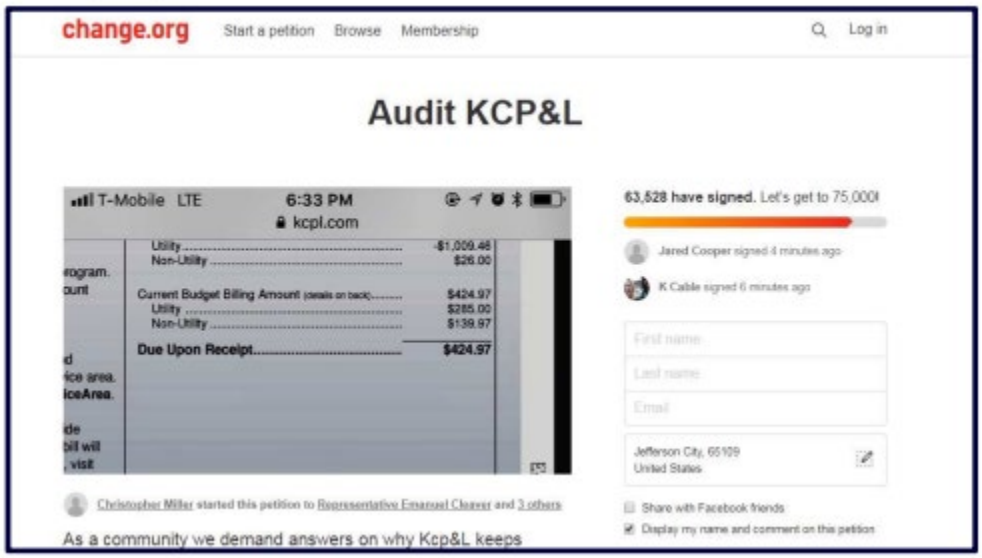
Q. What benefits have customers received to date from the hundreds of millions of dollars invested in the Company's AMI and CIS systems?

A. None that I can see. Customers have not been afforded the option of TOU rates (outside a select few in the pilot). I am aware of no large increase in residential rooftop solar as a result of finite energy usage availability either. The Company's CIS system has proven to be notoriously unreliable with prolonged shut-downs at least twice since the last rate case. The first was documented at length in my surrebuttal in Evergy Metro/West's last rate case

[18] Alcock, A (2016) KCMO smart meter fire sparks investigation. KSHB News. https://www.kshb.com/news/local-news/investigations/kcmo-smart-meter-fire-sparks-investigation

which resulted in a public apology from Mr. Caisley[19] and at least two Change.org petitions with approximately 70,000 signatures demanding an audit of the Company. [20,21]

Figure 3: Audit KCPL Change.org



Q. What did the Change.org audit state in its petition to the Missouri Commission?

A. The petition stated:

> We the undersigned residents of the state of Missouri, customers of Kansas City Power and Light (KCPL), present this petition regarding concerns over unfair billing practices and unanswered questions by KCPL. We are petitioning for an audit of KCPL's billing practices, meter calibration and reading practices, consistency in billing between customers, and history of maintenance and upgrades to their existing infrastructure. Further, we petition for rate decreases, and the option for reasonable monthly payment arrangements for delinquent accounts. First, customer bills are much higher than normal and have been since KCPL merged with Westar Energy.

[19] Caisley, C. (2018) KCP&L is committed to helping customers understand their bills. *Kansas City Star.* https://www.kansascity.com/opinion/readers-opinion/guest-commentary/article217671510.html

[20] Change.org (2018)"Investigation into kcpl and their business practices and fixing budget billing plans." https://www.change.org/p/mayor-sly-james-investigation-into-kcpl-and-their-business-practices-and-fixing-budget-billing-plans

[21] Change.org (2018) Audit KCP&L https://www.change.org/p/audit-kcp-l

> Bills are routinely doubling and tripling over this same time last year, despite similarities in weather. KCPL is now billing customers every 21 days instead of on a monthly basis. Customers had bills due both August 2, 2018 and August 30, 2018. Level pay has been discontinued for numerous customers, sometimes with no reason given. For other customers, the level pay amount has been increased by as much as 100% - not feasible for many on fixed incomes, and far beyond the "up to 10%" figure given by KCPL. For customers who are late with payments, the late fee charged by KCPL is highly variable, from a few cents to several hundred dollars, with no rationale given when requested. Customers are no longer able to make reasonable payment arrangements for delinquent bills, and instead are required to produce up to half of the amount owed every two weeks. This is an unfair burden on us as citizens of Missouri and customers of KCPL. KCPL is not showing good stewardship of the responsibility for powering communities in the State of Missouri.

Local print and television media soon began following the story.[22,23,24]

Q. What was the second instance where Evergy's CIS failed operationally?

A. Beginning the first of the year in 2021 Evergy's CIS was nonoperational for an extended period (into Spring Season of 2021) which no doubt impacted the Company's current bad debt expense.[25] There could very well have been more instances where Evergy's CIS has failed operationally. Further discovery is warranted on this topic.

Q. To recap, hundreds of millions of dollars in hardware and software systems with no measurable benefits for customers?

A. Correct.

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[22] Kansas City Star Editorial Board. (2018) KCP&L customers are experiencing sticker shock this summer. Here's what you can do. *Kansas City Star*. https://www.kansascity.com/opinion/editorials/article217481295.html

[23] Davis, M. (2018) KCP&L changes even-payment budget billing program, stirring concerns about bigger bills. *Kansas City Star*. https://www.kansascity.com/news/business/article217442925.html

[24] Mashek, K. (3018) KCP&L customers fuming over high bills as petition for audit gains steam. *WDAF-TV,Fox 4 News* https://fox4kc.com/2018/08/27/kcpl-customers-fuming-over-high-bills-as-online-petition-for-audit-gains-steam/

[25] On this topic, I will have considerably more to say in rebuttal testimony.

Q. And prolonged CIS system malfunctions that induced approximately 70,000 customers to sign a Change.org petition to audit the Company and another malfunction that exacerbated bad debt and arrearages?

A. Yes.

Q. What are the benefits of having a remote disconnect capability?

A. It would create O&M savings through the elimination of about 25 meter reader jobs over the next three years.

Q. How much does an Evergy meter reader make?

A. According to the Company's response to OPC DR-2123 the base salary of a meter reader in 2022 is $79,950 or $131,455 with benefits. By 2025 that would increase to $86,097 or $138,109 with benefits.[26]

Q. Would the elimination of 25 jobs at $80K apiece annually provide enough of a savings offset against the millions in installation and AMI replacement costs?

A. No.

Q. Besides O&M savings, what benefits do customers receive from having the ability to be remotely disconnected?

A. The ability to be remotely reconnected…although they are still likely to be charged a fee for this benefit. Other than that, I can't think of anything.

Evergy had been in talks with Staff and OPC about waivers from the Commission rules on customer protections related to disconnections prior to this filing; however, those discussions have stalled out and the rate case has taken precedent and will likely be the new venue for that discussion.

[26] Additional cost savings would be realized through reduced employee benefits as well as reduced vehicles for drive-by disconnections.

Q. What is the current plant balance and accumulated depreciation reserve balance associated with Evergy's "old" AMI meters as of year-end 2021, broken out for Evergy Missouri Metro and West respectively?

A. Evergy has not recorded the AMI meters on the books as 'old' or 'new' nor do they intend to open up a new subaccount for the new meters.[27] The AMI meters have the following balance as of December 2021 as seen in Table 5[28]

Table 5: Evergy Missouri Metro/West AMI books as of December 31, 2021

	Book Cost	Allocated Reserve	Net Book Value
Metro	$120,249,040.93	$6,300,675.57	$113,948,365.36
West	$51,702,138.18	$3,723,547.33	$47,978,590.85

Q. Did anyone benefit from the previous AMI and CIS investments?

A. Shareholders certainly did.

Q Will shareholders benefit from changing out the current undepreciated AMI investments with new more expensive AMI hardware?

A. Yes, they will through increased rate base where no opportunity previously existed.

Q. Was an RFP issued for these 2nd generation AMI meters?

A. In what appears to be a common trend in this case, no RFP was issued.[29]

Q. Is that problematic?

A. I certainly believe so. RFPs help ensure transparency and show regulators and the consumer advocate (and the public at large) that utilities are accountable for project goals, vendor choices, and cost savings. Writing an RFP also encourages utilities to create benchmarks to measure project success. The absence of an RFP minimizes all of the aforementioned

[27] See GM-5 OPC DR-2118
[28] See GM-6 OPC DR-2119
[29] See GM-7 OPC DR-2128

metrics and raises serious doubt regarding prudency above and beyond all of the many concerning imprudent actions surrounding this issue.

Q. Are you aware of any commissions that have disallowed a return on the undepreciated investment in retired meters?

A. Yes. The Kansas Corporation Commission disallowed a return on the unrecovered treatment of approximately $11 million in stranded meters. The KCC stated:

> While the Commission accepts the decision to retire the AMR meters as prudent, it does not follow that KCP&L is entitled to a return on its investments when the investments is no longer "used and required to be used," KCP&L is not entitled to a return *on* its investment. As a prudent business decision, KCP&L will receive a return *of* its investment, but not a return *on* its investment. . . . Accordingly, the Commission believes allowing KCP&L to amortize the retirement of its AMR meters over a ten-year period strikes a fair and reasonable balance between the investment expectations of KCP&L's shareholders and the cost concerns of KCP&L's customers.[30]

Q. Is this situation analogous to the KCC case?

A. No. The Missouri situation is much worse. In the KCC case, KCPL-Kansas was replacing AMR meters with AMI meters. Here, they are replacing AMI meters that were not even fully installed in the last rate case with new AMI meters. No customer benefits were created from the last rate case and now ratepayers are being tasked with a second set of AMI meters to pay for.

Q. What is Evergy's replacement strategy?

A. It is not entirely clear to me based on my understanding of discovery issued by Staff. As it stands, it appears as though Evergy is systematically replacing meters on domiciles with bad debt.

[30] See Order on KCP&L's Application for Rate Change, Docket No. 15-KCPE-116-RTS, issued September 10, 2015, at page 22.

Q. What is your response to this?

A. If this is true, then this would appear to be a variation of "redlining" and would be incredibly disturbing. Further discovery is warranted on this topic before I can say one way or the other.

Q. Putting aside that potential concern for a moment, what is your recommendation to the Commission regarding the 2nd generation AMI investments?

A. One meter for one customer account. I recommend that the Commission disallow costs related to any second generation AMI meters and associated installation costs. The current AMI meters are not being replaced because they are at the end of their useful life but instead to increase rate base and make it easier for customer to be disconnected. Failure to call the Company out on this practice will set a dangerous precedent for all future investments moving forward. This would seemingly be a text-book example of an imprudent capital investment disallowance. I recommend that all costs related to the new AMI switch be removed. I am unable to provide a specific dollar amount or date certain when the AMI switch began to occur to the Commission at present due to some uncertainty surrounding how the meter account is comingled. Further discovery and/or a technical conference on this topic is warranted.

Q. Did any Evergy witness file testimony on this topic?

A. None of the 20 witnesses who filed testimony spoke about the need to replace their recently installed AMI meters with new AMI meters.

Q. How did you become aware of this topic?

A. Through discussions during a technical conference the Company was holding as it sought various waivers from the Commission's rule on billing practices and consumer protections.

Q. Is that a concern?

A. Yes, as it certainly appears as though the Company was fine with not drawing any attention to this capital investment. I look forward to hearing their response on this and the

other issues (possible redlining, etc...) I raised in this section before I make any further recommendations.

V. CLEAN CHARGE NETWORK

Q. What is the current state of EV infrastructure in the Evergy Missouri service territory?

A. A recent pro-EV news article from an Evergy customer sums up the situation well:

> Bill Johnson, who has owned a Nissan Leaf for eight years, said he rarely has trouble finding a place to plug in. "There's so many chargers downtown it's ridiculous," he said. "It's easier for me to charge my car here than in California."[31]

That is because there are more Evergy Missouri EV charging stations than there are Evergy Missouri EV drivers. As a result, the current revenues generated from charging have come nowhere near covering the capital and operations/maintenance of these largely (98%) slow L2 charging stations.[32]

As it stands, the CCN has been a disappointment. Evergy has a ubiquitous EV charging infrastructure in place (900+ stations and 1800+ outlets not to mention the many additional private charging stations (Tesla, etc…) in its service territory with even more charging stations on the way) and ratepayers have received neither the downward pressure on rates nor mass adoption of registered EVs they were promised as compensation for this existing infrastructure buildout. Evergy's CCN investments overwhelmingly suggest that ubiquitous EV charging stations are not strongly correlated with EV adoption.

Q. Is the Clean Charge Network currently in rate base?

A. Yes, an August 7, 2018 Western District Court of Appeals decision concluded that KCPL's electric vehicle charging stations did constitute "electric plant." However, the Court also stated:

[31] Vickers, N. (2022) Electric vehicles gaining popularity in KC as manufacturers shift to meet demand. KCTV 5 https://www.kctv5.com/2022/06/03/electric-vehicles-gaining-popularity-kc-manufacturers-shift-meet-demand/

[32] To be fair, this is not the only reason the CCN has failed to cover its costs, but abundant supply and weak demand is at the forefront.

> [E]ven if electric vehicle charging stations are recognized to be "electric plant," this does not leave the Commission without mechanisms to address the concerns expressed in its Report and Order. Where particular utility activities fall within the Commission's regulatory jurisdiction, the Commission has the authority to review the prudence of those activities; it may have authority to approve or disapprove particular expenditures before they occur; and it may have the ability through rate- design mechanisms to specify that the costs of particular activities will be borne solely by particular classes of ratepayers.[33]

As a result, in Evergy Metro/West's last rate case, a non-unanimous stipulation and agreement was entered into in which the CCN was included in rate base but no other customer class would bear any costs related to this service either through base rates or through any rate adjustment mechanism such as a FAC, DSIM, or RESRAM other than the EV charging station users. All costs for charging stations (including advertising) should go into a separate tariffed class similar to the tariff for street lighting—the class of those customers who use the charging stations. This alleviates the Commission's stated concern "that the large number of ratepayers who do not operate electric vehicles would end up subsidizing the automobile usage of the small number of electric vehicle owners."[34] To address this concern, it is imperative that in developing the tariff for EV customers that no costs related to this service be recovered from other customers. The Western District approved this approach when it noted the KCC's finding that charging stations are "not necessary 'to furnish reasonably efficient and sufficient service and facilities [to its customers]'"[35]

Q. What is your recommendation regarding cost recovery of the Clean Charge Network?

A. Both ratepayers and EV drivers are best served by a competitive market for EV charging services rather than by a regulated monopoly. Alternatively, the influx of $100 million in

[33] *Kansas City Power & Light Co.'s Request for Auth. To Implement a Gen. Rate Increase for Elec. Serv. V. Mo. Pub. Serv. Comm'n,* 557 S.W.3d 460 (Mo. App. 2018).
[34] *Id.*, 557 S.W.3d 460, at 473. (holding the Court's decision regarding electric vehicle charging stations "does not leave the Commission without remedy; to the contrary, it provides a basis for the Commission to exercise its full range of regulatory authorities with respect to those stations.")
[35] *Id* , 557 S.W.3d 460, at 472

federal funding (with options for more) further diminishes the role of ratepayer-subsidized investments.[36] The best ways for KCPL and GMO's regulated services to enable the promotion of EV adoption is by emphasizing its essential services, primarily through offering time-of-use ("TOU") rates on an opt-in basis that encourages charging during low-cost, off-peak hours (this specific recommendation and its benefits will be discussed at length in my rebuttal rate design testimony). The Commission can best achieve this outcome by critically examining this rate case and being mindful of Evergy's management actions (see Section II above) and questionable investments (e.g., 2nd generation AMI meters before the original AMI meters are *at least* fully depreciated) in setting rates.

I strongly recommend that the agreed to position from Evergy Metro and West's last rate case (Case No. ER-2018-0145 and ER-2018-0146) be maintained. Specifically, that no other customer class shall bear any costs related to this service either through base rates or through any rate adjustment mechanism such as a FAC, DSIM, or RESRAM.

VI. PLANT-IN-SERVICE-ACCOUNTING ("PISA")

Cost-Benefit Analysis

Q. Is there any pending legislation that will impact utilities who elect PISA?

A. Yes. Senate Bill 745 was passed by the General Assembly and awaits the signature of Governor Mike Parson. The bill allows for an extension of PISA with the inclusion of new spending caps and a requirement that:

> For each project in the specific capital investment plan on which construction commences on or after January first of the year in which the plan is submitted, and where the cost of the project is estimated to exceed twenty million dollars, the electrical corporation shall identify all costs and benefits that can be quantitatively evaluated and shall further identify how those costs and benefits are quantified. For any cost or benefit

[36] White House (2021) Fact Sheet: Historic Bipartisan Infrastructure Deal. https://www.whitehouse.gov/briefingroom/statements-releases/2021/07/28/fact-sheet-historic-bipartisan-infrastructure-deal/

> with respect to such a project that the electrical corporation believes cannot be quantitatively evaluated, the electrical corporation shall state the reasons the cost or benefit cannot be quantitatively evaluated, and how the electrical corporation addresses such costs and benefits when reviewing and deciding to pursue such a project. No such project shall be based solely on costs and benefits that the electrical corporation believes cannot be quantitatively evaluated. Any quantification for such a project that does not produce quantified benefits exceeding the costs shall be accompanied by additional justification in support of the project.[37]

Q. Is this cost-benefit analysis requirement consistent with the stipulation and agreements entered into by Empire and Ameren Missouri from their most recent rate cases?

A. In part. The requirement to conduct a cost-benefit analysis is consistent but the parameters vary.

Q. Do you have any recommendations on this issue?

A. If SB 745 is not signed into law or this section is otherwise removed by Governor Parson I recommend that the Commission order Evergy Metro and Evergy West to provide a quantitative evaluation of the cost and benefits of its PISA projects as outlined in the proposed law stated above.

Voltage Optimization

Q. What is Voltage Optimization?

A. Some utilities overpower homes and businesses with more voltage than is needed. This is a symptom of inefficiencies in the electric system that can negatively impact people's wallets, health, and the environment. If voltage were "right-sized," customers would only get the power they need to sufficiently power their appliances and devices, while building a cleaner, more efficient electricity system in the process. Voltage optimization is an electrical energy saving technique to support efficient distribution investments.

[37]Senate Bill No. 745 [TRULY AGREED TO AND FINALLY PASSED] https://www.senate.mo.gov/22info/pdf-bill/tat/SB745.pdf p. 61. 95-107 thru p. 62, 1-114.

Q. Has Evergy undertaken any voltage optimization projects through PISA or otherwise?

A. Not to date. Per OPC DR-2053's question and the Company's response:

> **Question**: Has Evergy Missouri West and/or Evergy Missouri Metro initiated any voltage optimization projects in the past three years? If so, where?
>
> **Answer**: Evergy has identified voltage optimization as a future phase of its Advanced Distribution Management (ADMX) roadmap, but no detailed planning or investment has been initiated.[38]

Q. Does Evergy have plans to launch any voltage optimization projects through PISA or otherwise in the future?

A. It appears so. Per OPC DR-2054's question and answer:

> **Question**: Does Evergy Missouri West and/or Evergy Missouri Metro plan to launch any voltage optimization projects in the next three years as part of its PISA investments? If so, where and when? If no, why not?
>
> **Answer**: Evergy does plan on launching a voltage optimization project and expects this project to begin in the next 3 years. However, it is still in the planning stages and locational details and implementation plan have not yet been defined.[39]

Q. What is your response?

A. I find it encouraging that the Company is planning on launching a project but am discouraged by the lack of prioritization behind the project. I request that Evergy provide more detail as to why the project is not slated to begin for 3 years in its rebuttal testimony. Given volatile fuel prices and inflationary trends on all items, it would appear as though "right-sizing" the existing distribution system seemingly be an action that would immediately translate into benefits for customers.

[38] See GM-8.
[39] See GM-9.

Q. Do you have any specific recommendations?

A. As it stands now (consistent with stipulations and agreement entered into by both OPC and Staff from the most recent Ameren Missouri and Empire District Electric rate cases) I recommend that the Commission order Evergy to issue a request for proposals for an independent, third-party consultant to conduct a study of its distribution system designed to gauge the costs and benefits of a voltage optimization program in both Evergy Metro and Evergy West service territories. Evergy should then file the results of said study in its PISA dockets (Case Nos. EO-2019-0047 and EO-2019-0045) no later than March 1st 2023 with a presentation of the findings and a discussion of next steps with Staff and OPC.

VII. INCOME ELIGIBLE PROGRAMS

Critical Needs Program

Q. What is the Critical Needs Program?

A. In Case No. GR-2021-0108, Legal Services of Eastern Missouri recommended the funding and adoption of a pilot program modeled after Baltimore Gas & Electric's ("BG&E") Critical Needs Program ("CNP"). The BG&E program recognized that there are vulnerable customers who may not have the capacity to research and apply for assistance, negotiate reasonable payment plans, or properly navigate the application process. Yet their circumstances make them particularly vulnerable to harm if they become disconnected. In response, the CNP streamlines and expedites the processes to help customers stay connected. The pilot's initial goal was to implement immediate access to existing resource assistance (bill payment, repair, consumer protections, etc…) to customers that seek assistance in nontraditional utility CSR venues (e.g., hospitals, public and private assistance agencies, shelters, etc…). The CNP is a voluntary program that trains customer "navigators," who work in nontraditional utility CSR venues. The navigators utilize a simple form under a "fast-track" protocol that provides an expedited process that should:

- Maintain or restore utility services
- Avoid negative impacts on residents with serious medical and/or crisis conditions

- Address build-up of utility bill arrears
- Provide a streamlined process to complementary services

Q. Is this still a pilot program for BG&E?

A. No. The program's success lead it to becoming a statutory requirement for utilities in Maryland, and the service is now largely administered by the State's Social Service Department with additional funding through the Maryland's Fuel Fund program.

Q. Wouldn't those elements (Department of Social Service and an independent funding stream) be beyond the scope of the Commission's power in this case?

A. They would; however, I am not suggesting anything more than to order what parties in Spire, Ameren and Empire's recent rate cases agreed to, which was to model the initial pilot program that BG&E produced.

Q. Do you have any additional information to share on the topic of critical needs customers?

A. Since the beginning of the year, stakeholders from the PSC, OPC, Ameren Missouri, Empire District Electric, Spire, Legal Services of Eastern Missouri and Consumer Council have been working together with the United Way of St. Louis and Joplin on the Critical Needs Pilot Program. Significant progress has been made and parties are optimistic that the pilot may begin this fall before the Cold Weather Season. As it stands, the Critical Needs Program is being rolled out as an enhancement to the United Ways 2-11 System through an interoperable software platform called Unite-Us. This platform is then linked with all major hospitals and hundreds of non-profit and other entry points for customers in crisis. Invitations have been extended to Evergy (and Missouri American Water) to our June meeting at Spire's headquarters.

Q. What is your recommendation to the Commission?

A. Consistent with Spire, Ameren Missouri, Empire District Electric and Empire District Gas companies respectively, I recommend a 50/50 sharing of costs between ratepayers and shareholders for this program for a minimum of three years at a total of $600K per year (or $300K per utility).

Rehousing Pilot Program

Q. What is Ameren's Missouri's Rehousing Pilot Program?

A. In Ameren Missouri's last rate case, parties agreed to fund a low-income program targeted at transitional housing customers based on recommendations from an independent third party (Apprise) study over Ameren Missouri's low income programs. The Ameren Missouri Rehousing Pilot Program includes a select group of homeless agencies in the greater St. Louis and St. Charles area and include 500 targeted participants a year. Each participant will receive $1000 to be allocated towards arrearages and/or future bill credits to help these agencies clients transition into stable housing arrangements with new utility accounts.

Q. Are you recommending the same pilot option for Evergy Metro and Evergy West?

A. I am and under the same funding level and ratio ($500K allocated 50/50 between ratepayers and shareholders).

Low-Income Weatherization Assistance Program ("LIWAP")

Q. Do you have any recommended changes to Evergy's LIWAP program?

A. Yes. I recommend that Evergy's Customer Service Reps ("CSRs") who receive calls from customers struggling to pay bills ask for consent from that customer to forward their contact information to the relevant Community Action Agency ("CAA") so that a representative from a CAA may contact them about weatherizing their home free of charge and other assistance if eligible.

Given the expected influx of federal funding for LIWAP I am not making any recommendations to change the current budgeted amount.

Q. Are these recommedations consistent with the most recently filed non-unanimous stipulation and agreement in Empire and Ameren Missouri's electric rate cases?

A. Yes.

VIII. LATE FEES

Q. What are the benefits associated with late fees?

A. The two arguments supporting the continued use of late fees include: 1.) greater revenue assurance (late fees offset the revenue requirement assuming the Company is not over-earning); and 2.) late fees should (theoretically) enourage timely payments.

Q. Do you support late payment fees?

A. No. I have not seen any evidence to support that late payment fees are an appropriate deterrent to non-payment, and I believe that any additional fee added to an already financially struggling customer will increase the likelihood of disconnection. I believe the threat of disconnection is the primary deterrent to incentivize timely payments, and that Evergy should be doing everything in its power to provide an affordable service, which should include minimizing punitive charges that make it more likely for already struggling customers to fall off.

Q. Do you know of any commissions that recently ordered elimination of late fees?

A. Yes. The Kentucky Public Service Commission ruled against their continued use in Case No: 2020-00141.[40] I am also aware that many state commissions ordered suspending late fees throughout the COVID-19 pandemic.

Q. What is Evergy's late payment fee?

A. For Evergy Metro it is 2% of the first $50 and 1% on the remainder of the bill for the residential class. For commercial customers it is 5% of the first $50 and 1% on the remainder of the bill. For Evergy West it is 0.5% of the bill for all classes. In contrast, late fees are 2% in Kansas.

Q. Why are late fee penalties so different across the utilities?

A. I don't know and can think of no compelling reason why they would be different other than maybe historical inertia from past acquisitions.

[40] See GM-10

Q. Is this information readily available on the Company's website?

A. I couldn't find it anywhere. I came across this information through discovery.

Q. Do you have any recommendations to modify this amount?

A. I recommend that Evergy's late fees be lowered to match the short term debt recommendations made by OPC witness David Murray, which is 0.25% annually. Such an amount would more accurately reflect the cost of service, minimize the punitive pressure on struggling customers and still incentivize timely payments by having the "threat" of late payment.

I also recommend that the Commission order the Company to update its website so that it is abundantly clear to customers what they may be charged for late payment. Customers should not have to struggle to find out what fees they may be charged. The process should be as transparent and easily accessible as it can be.

Q. Are these recommedation consistent with the most recently approved non-unanimous stipulation and agreements in Empire District Electric, Ameren Missouri electric rate cases and Spire natural gas rate case?

A. As it pertains to the 0.25% it is. I did not have the same problem finding the late payment fee charges on the other utility websites.

Q. Does this conclude your testimony?

A. Yes.