

Exhibit No.:
Issue(s): Retail Rate Revenue
Witness: Kim Cox
Sponsoring Party: MoPSC Staff
Type of Exhibit: Direct Testimony
Case Nos.: ER-2022-0129 and
ER-2022-0130
Date Testimony Prepared: June 8, 2022

MISSOURI PUBLIC SERVICE COMMISSION

IDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

DIRECT TESTIMONY

OF

KIM COX

**Evergy Metro, Inc. d/b/a Evergy Missouri Metro
Case No. ER-2022-0129**

**Evergy Missouri West, Inc. d/b/a Evergy Missouri West
Case No. ER-2022-0130**

*Jefferson City, Missouri
June 2022*

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1 Q. Through this testimony, do you provide any recommendations that should be
2 specifically reflected in the Commission's Report and Order in this case?

3 A. Yes, I recommend that the Commission Order reflect Staff's adjusted rate
4 revenue as provided in my testimony and as updated in my true direct testimony along with the
5 billing determinants which were used to calculate the adjusted rate revenue. I also recommend
6 the Commission Order state that EMM is to separate the customers billed net metering and or
7 parallel generation credit.

8 **RATE REVENUES AND BILLING DETERMINANTS**

9 Q. What are rate revenues?

10 A. Rate revenues are defined as the revenue a utility collects from its customers
11 based on its Commission approved base rates. Base rates are made up a fixed monthly customer
12 charge and variable rates that are dependent on usage (demand, energy, etc.) and the season
13 (summer vs. winter). Rate revenues are the largest component of operating revenues.

14 Q. What are billing determinants?

15 A. Billing determinants are what a revenue requirement is divided to produce rates.
16 Billing determinants are the combination of components to which rates are applied to calculate
17 the customer's bill. Examples of billing determinant components are: customer charge, usage,
18 facilities, demand, reactive demand, net metering, and parallel generation.

19 Q. How does Staff use the billing determinants?

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1 A. As an example, every month an EMW residential (“RES”) customer is billed a
2 fixed monthly customer charge and an energy charge based on the season¹ and the block² in
3 which the usage occurred. For Staff to calculate the RES monthly rate revenue, the billing
4 determinant components: the number of RES customer charges and the usage per month are
5 multiplied by the applicable tariff rate. Inversely, billing determinants are what a revenue
6 requirement is divided by to produce rates.

7 Q. What are operating revenues?

8 A. Operating revenues are composed of three components: (1) Rate Revenue,
9 (2) Other Operating Revenue, and (3) Off System Sales. This testimony will address rate
10 revenues for EMM and EMW.

11 Q. What is the purpose of calculating operating revenues?

12 A. It is a test of the adequacy of the currently effective retail electricity rates and
13 the cost of service.

14 One of the major tasks in a rate case is to determine the magnitude of any deficiency
15 (or excess) between cost of service and operating revenues. Once determined, the deficiency
16 (or excess) can only be corrected (or otherwise addressed) by adjusting retail rates
17 (i.e., rate revenue) prospectively.

18 Q. How did Staff determine the retail rate revenue for EMM and EMW rate classes?

19 A. Staff adjusted EMM and EMW jurisdictional billing units and rate revenues
20 based upon information that is “known and measurable” as of the end of the update period. In
21 these two particular cases, the test year is the twelve months ended July 30, 2021, updated for

¹ EMW summer season consist of the monthly billing periods of June through September. The winter season consist of the monthly billing periods of October through May.

² EMW residential general use energy charge is billed at the first 600 kWh, the next 400 kWh and over 1000 kWh.

1 known and measurable changes through December 31, 2021. The two major categories of
2 revenue adjustments are known as “normalization” and annualization.”

3 Q. What is normalization?

4 A. Normalization are adjustments to the company’s billing determinants that
5 account for unusual and unlikely events that would not be repeated in the years when the new
6 rates from this case are in effect, e.g., events such as the update period weather.

7 Q. What are annualizations?

8 A. Annualizations are adjustments to the company’s billing determinants to reflect
9 known conditions at the end of the update period. . Adjustments for customer growth are an
10 example of an annualization.

11 Q. What rate classes did Staff normalize and annualize?

12 A Staff normalized and annualized billing determinants for the RES, small general
13 service (“SGS”), medium general service (“MGS”), and the large general service (“LGS”) rate
14 classes for EMM and the RES, SGS and LGS rate classes for EMW.

15 Q. What rate revenue adjustments did Staff make to these classes?

16 A. Staff made the following adjustments however not all of these adjustments affect
17 both sales and rate revenue dollars, and not all rate classes are subject to all adjustments.

- 18 a. update period adjustments,
19 b. rate switchers,
20 c. weather normalization, 365 days and Missouri Energy
21 Efficiency Investment Act (“MEEIA”) adjustment, and
22 d. customer growth

23 Q. How did Staff calculate its update period adjustment?

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1 A. Staff first calculated the test year revenue³ based on EMM and EMW billing
2 determinants provided by the company. Staff requested and the company provided the billing
3 determinants for June 1, 2021 through December 31, 2021. Staff then calculated the revenue
4 for the 12 months ending December 31, 2021. The update period adjustment is the difference
5 of billed usage and revenue through December 31, 2021, compared to the billed usage and
6 revenue through July 30, 2021.

7 Q. What rate switcher adjustment did Staff make?

8 A. During the update period, one EMM customer switched from LGS to
9 Large Power (“LP”). Staff removed the customer, billing units and revenue from the LGS rate
10 class. The customer billing units and revenues were added to the LP rate class⁴. There were no
11 EMW customers that switched during the twelve months of the update period.

12 Q. How did Staff calculate the weather normalization, 365 days and MEEIA
13 adjustment?

14 A. Staff witness, Michael Stahlman provided the monthly weather normalization
15 factor for each rate class and the 365 days adjustment for each rate class. Staff witness,
16 J Luebbert provided the monthly MEEIA kWh adjustments for each rate class. Both
17 Mr. Stahlman and Mr. Luebbert discuss the data they provided in their direct testimony of
18 these cases.

19 Staff applied the combined MEEIA kWh, weather normalization, and 365 days factor
20 to each month for each rate class⁵. For example, if the normalized and annualized kWh factor

³ Twelve months ending July 30, 2021.

⁴ Staff witness, Michelle Bocklage provides testimony on the rate switch into LP.

⁵ For EMW, Staff did not include the weather factor for the rate classes that are billed a net metering or parallel generation credit.

1 is .97 for the month of September in the RES rate class, then the total actual usage for that
2 month and for that rate class is decreased by .03.

3 Staff adjusted the total actual blocked billing determinants to equal the normalized and
4 annualized monthly kWh using the relationship between actual average use per customer and
5 normalized and annualized average usage per customer. Staff also used the relationship
6 between percentage of usage priced in the first rate block and the second rate block to distribute
7 normalized and annualized monthly kWh to the rate blocks. This calculations resulted in
8 normalized usage by rate block, which was then converted to total normalized and annualized
9 revenues by multiplying rate block usage by the appropriate rates.

10 Q. What customer growth adjustment did Staff make?

11 A. Staff made a customer growth adjustment to EMM and EMW to reflect the
12 impact in change of customer levels on the update period kWh sales, kW demand and rate
13 revenue. The adjustment reflects the level of kWh sales, kW demand and rate revenue that
14 would have occurred if the number of customers taking service at the end of November 2021
15 had existed throughout the entire 12 months ending December 31, 2021.

16 Staff submitted DR 352.1 for EMW asking for an explanation, if known as to why the
17 customer charge counts for the residential and large general service are lower in December than
18 all the twelve months (with the exception of May and June for the residential class) ending
19 December 2021. The response: the reasons for a particular customer charge count in any month
20 is not monitored. The typical reasons for fluctuations in customer charge counts could be move
21 ins/move outs, new construction and meter removals which was stated in the answer provided
22 in DR 0352, but the exact driver for each difference would need to be researched individually
23 to know with any degree of certainty.

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1 Based off of the response provided and the low customer charge counts in
2 December 2021, Staff calculated the customer growth factor by applying the November
3 customer charge count. The customer growth adjustment takes into account normalized
4 weather usage, 365 days adjustment and the MEEIA adjustments that occurred during the
5 twelve months ending December 31, 2021. Staff will analyze customer charge counts through
6 the true up period and adjust accordingly in true up direct.

7 Q. Did Staff make the same adjustments noted above for the Non-Missouri classes
8 for EMM?

9 A. Staff adjusted the RES, SGS, MGS, and LGS classes' usage for EMM Kansas
10 customers for weather normalization, 365days⁶, and growth⁷.

11 Q. Once Staff completed its analysis of the rate revenue adjustments as discussed
12 above, what did Staff do with its results?

13 A. Staff provided the normalized and annualized usage for EMM (including
14 Kansas) and EMW to Staff witness Michael Stahlman for inclusion in his calculation of
15 Net System Input ("NSI"), to Staff witness Alan Back, and to Staff witness Chuck Poston and
16 Shawn Lange for inclusion of their determination of jurisdictional allocations. These witnesses
17 provide more detail in their direct testimony. Staff also provided each revenue adjustment
18 discussed above to Staff witness Keith Majors to include in the overall revenue requirement.

19 Q. Are there any other adjustments Staff made?

20 A. Not at this time, however, Staff will be making an adjustment for the shift of
21 EMM summer and winter billing periods in true up direct. EMM is proposing to align with

⁶ The monthly weather normalization factor and 365 days adjustment was provided by Staff witness, Michael Stahlman.

⁷ Growth was calculated by using December 2021 customer charge counts provided by the company.

1 EMW tariff summer and winter billing periods. The summer months will be the
2 four (4) monthly billing periods of June through September. The winter months will be the
3 eight (8) monthly billing periods of October through May. Staff is not sure at this time of the
4 revenue impact.

5 Q. Does Staff have any additional adjustments that will be made in true up direct?

6 A. No, however for Staff to accurately perform its analysis in future rate cases, the
7 EMM customers that are billed a net metering credit and or a parallel generation credit need to
8 be separated just as EMW customers. These customer should not be weather normalized and
9 by including them in a rate code some customers' usage that shouldn't be adjusted for
10 weather is.

11 **CONCLUSION**

12 Q. What are your recommended rate revenue adjustments?

13 A. The Commission should base its awarded revenue requirement on Staff's rate
14 revenue adjustments as provided below and as updated in true up direct⁸. The Commission
15 should also order EMM to separate the customers billed net metering and or parallel generation
16 credit so that Staffs analysis provides accurate adjustments for future rate cases.

⁸ Staff will update growth to reflect the most current customer charge counts and will provide an adjustment for the season alignment.

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	Test Year Revenue (As Billed)	Update period adjustment	Non lp rate switcher-(see notes on sgs tab)	Large Power billing adjustment and annualization -from Michelle	MEEIA, Weather Norm and 365 days adjustment	Growth adjustment	Total Ending Revenue			
West										
Residential	\$ 378,056,023	\$ 2,822,638			\$ (7,702,618)	\$ 1,731,388	\$ 374,907,431			
SGS	\$ 114,077,108	\$ 4,693,891			\$ (538,387)	\$ 1,075,549	\$ 119,308,161			
LGS	\$ 92,099,331	\$ 1,040,746			\$ (1,159,840)	\$ (506,601)	\$ 91,473,636			
LPS (Witness Michelle Bocklage)	\$ 116,266,882	\$ 223,637		\$ 244,617	\$ (161,218)		\$ 116,573,918			
Metered Lighting (Witness Joe Roling)	\$ 100,515	\$ 1,922					\$ 102,437			
Thermal -650	\$ 460,184	\$ 10,909					\$ 471,093			
Lighting (Joe)	\$ 12,971,049	\$ (14,887)					\$ 12,956,162			
TOD-630	\$ 17,864	\$ 820					\$ 18,684			
Nucor (Witness J Luebbert)	\$ 7,898,321	\$ 765,810					\$ 8,664,131			
CCN	\$ 34,279	\$ 8,740					\$ 43,020			
	\$ 721,981,558	\$ 9,554,226	\$ 0	\$ 244,617	-\$ 9,562,063	\$ 2,300,336	\$ 724,518,674			
	Test Year As Billed (Without DSIM, MPower, and EDR)	Update period adjustment	Billing adj	Large power customer annualization	Non lp rate switcher	MEEIA, Weather Norm, & 365 Day Adj.	Growth adjustment	Revenue Subtotal (No DSIM, Mpower, EDR)	Add EDR- Nancy	Final Total
Residential	\$ 333,618,742	\$ 2,427,009		\$ -	\$ -	\$ (8,223,396)	\$ 872,744	\$ 328,695,098		\$ 328,695,098
Small GS	\$ 67,036,786	\$ 3,928,326		\$ -	\$ -	\$ (457,009)	\$ 442,759	\$ 70,950,862		\$ 70,950,862
Medium GS	\$ 122,838,175	\$ 1,782,750		\$ -	\$ -	\$ (674,355)	\$ (457,447)	\$ 123,489,122	\$ 42,260	\$ 123,531,382
Large GS	\$ 180,421,816	\$ 3,593,706		\$ -	\$ 483,274	\$ (612,773)	\$ (1,103,046)	\$ 182,782,977		\$ 182,782,977
Large Power (Witness Michelle Bocklage)	\$ 122,592,984	\$ (1,263,799)	\$ (521,458)	\$ 160,994		\$ (62,119)		\$ 120,906,602		\$ 120,906,602
Lighting (Witness Joe Roling)	\$ 9,951,318	\$ (63,569)						\$ 9,887,749		\$ 9,887,749
CCN	\$ 76,457	\$ 26,825						\$ 103,282		\$ 103,282
	\$ 836,536,278	\$ 10,431,248	\$ (521,458)	\$ 160,994	\$ 483,274	\$ (10,029,653)	\$ (244,990)	\$ 836,815,692	\$ 42,260	\$ 836,857,952

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Q. Does this conclude your direct testimony?

3

A. Yes it does.

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) Case No. ER-2022-0129
Implement a General Rate Increase for Electric)
Service)

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

AFFIDAVIT OF KIM COX

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW KIM COX and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Kim Cox*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

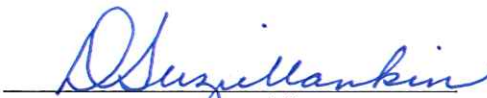


KIM COX

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 3rd day of June 2022.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: April 04, 2025 Commission Number: 12412070



Notary Public

KIM COX

Education and Employment Background and Credentials

I attended Central Missouri State University at Warrensburg, Missouri. In May 1996, I received a Bachelor of Science degree.

I am currently employed as a Senior Research/Data Analyst with the Tariff/Rate Design Department within the Industry Analysis Division of the Missouri Public Service Commission (Commission). I have been employed by the Commission since July, 2009. From July 2009 to June 2013, I worked in the Tariffs/Rate Design Section of the Energy Unit as a Rate and Tariff Examiner III, where my duties consisted of analyzing applications, reviewing tariffs and making recommendations based upon those evaluations. On June 16, 2013, I assumed the position of a Utility Policy Analyst II (which is now reclassified as a Senior Research/Data Analyst) within the same Section, where my duties consist of coordinating highly complex activities, analyzing applications, reviewing tariffs, and making recommendations based upon my evaluations. I currently serve on the NARUC Staff Subcommittee on Rate Design. Prior to joining the Commission, I held the position of a Quality Assurance Analyst in the regulatory field for ten years.

KIM COX

Summary of Case Involvement

	Company	Issue	Type of Filing
GR-2009-0434	The Empire District Gas Company	Weather Normalized Sales and Coincident-Peak Day Demand	Staff Report
GR-2010-0171	Laclede Gas Company	Weather Normalized Sales, Blocks and Coincident-Peak Day Demand	Staff Report
GR-2010-0171	Laclede Gas Company	Weather Normalized Sales	Rebuttal
GR-2010-0363	Union Electric d/b/a AmerenUE	Weather Normalized Sales, Blocks and Coincident-Peak Day Demand	Staff Report
GR-2010-0347	Southern Missouri Natural Gas	Weather Normalized Sales	Staff Report
GR-2010-0192	Atmos	Weather Normalized Sales and Coincident-Peak Day Demand	Staff Report
HR-2011-0241	Veolia	Weather Normalized Sales	Staff Report
ER-2012-0175	KCP&L and GMO	L&P Normalization and Annualization	Staff Report
GR-2014-0007 Coordinated	Missouri Gas Energy	Direct COS sponsor of Weather, Weather Normalization and Large Volume Customer Revenue Adjustment	Direct Testimony
GR-2014-0007 Coordinated	Missouri Gas Energy	Direct CCOS sponsor of Rate Design, Miscellaneous Tariff Issues, School Transportation Capacity, Gas Supply Incentive Plan and Staff's CCOS	Direct Testimony
GR-2014-0086	Summit Natural Gas	Lake Ozark Transportation	Staff Report
GR-2014-0152	Liberty Utilities	Special Contract, Large and Industrial Customers	Staff Report, Rebuttal and Surrebuttal
ER-2016-0023	Empire	Large Power Feed Mill Annualization	Staff Report
GR-2017-0215 and GR-2017-0216	Spire Missouri Inc.	Executive Summary, Background, Test Year/True-Up Period and Staff's Revenue Requirement Recommendation	Staff Report

	Company	Issue	Type of Filing
ER-2018-0145 and ER-2018-0146	Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company	Rate Revenues Introduction, The Development of Rate Revenue, Regulatory Adjustments to Test Year Sales and Rate Revenue, Customer Growth, and Adjustment for Non-Missouri classes	Staff Report
GR-2019-0077	Union Electric Company, d/b/a Ameren Missouri	Class Cost of Service, Rate Design and Bill Format Recommendation	Staff Report
ER-2019-0335	Union Electric Company, d/b/a Ameren Missouri	Cost of Service, Update Period Adjustments, Large Customer Annualization, MEEIA Revenue Adjustment, Weather Normalization of Revenue and 365 Day Adjustment	Staff Report
GR-2021-0108	Spire Missouri Inc.	Cost of Service, Large Customer Annualization, Weather Normalization of Revenue and 365 Day Adjustment, Rate Switching Adjustment and Growth Adjustment	Staff Report
ER-2021-0240	Union Electric Company, d/b/a Ameren Missouri	Cost of Service, Update Period Adjustments, Community Solar, Rate Switching, MEEIA Revenue Adjustment, Weather Normalization of Revenue and 365 Day Adjustment, Growth Adjustment and Rebuttal	Staff Report
ER-2021-0312	Empire District Electric Company, d/b/a Liberty	Cost of Service, Update Period Adjustments, Rate Switching, Weather Normalization of Revenue and 365 Day Adjustment, Growth Adjustment, Non-Missouri Classes Adjustments and Rebuttal	Staff Report