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Issue(s): *Rate Design, Class
Cost of Service*
Witness: *Francisco Del Pozo*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case Nos.: *ER-2022-0129 and
ER-2022-0130*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

FRANCISCO DEL POZO

**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
July 2022*

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **FRANCISCO DEL POZO**

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

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

8 Q. Please state your name and business address.

9 A. My name is Francisco Del Pozo, 200 Madison Street, Jefferson City, MO 65101.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by the Missouri Public Service Commission (“Commission”) as
12 an Economist for the Tariff/Rate Design Department, in the Industry Analysis Division.

13 Q. Please describe your educational and work background.

14 A. I have a Master of Science degree in Agricultural Economics awarded at
15 Kansas State University, Bachelor of Science in Forestry Engineering from La Molina
16 National University, and several specialized trainings on macro and micro economic analysis. I
17 have more than 15 years of experience in Governmental regulatory, risk management programs
18 and agricultural trade policy research. In my previous professional experiences, I worked as
19 Economist and Risk Management Specialist for two agencies of the United States Department
20 of Agriculture.

21 Q. What is the purpose of your rebuttal testimony?

22 A. I am responding to the testimony of Ms. Bulkley asserting that Evergy
23 Metro (“EMM”) and Evergy West (“EMW”) have greater volumetric risk compared to the
24 proxy group as a result of the existing residential rate design. The purpose of my rebuttal
25 testimony is to provide consolidated information on the percentage of volumetric sales

1 attributable to residential customers, which provides comparative context of exposure to sales
2 of electricity for that specific consumer's class. Staff witness Sarah Lange provides additional
3 context to the issue beginning on page 75 of her rebuttal testimony in this case.

4 Q. Does Ms. Bulkley provide enough factual evidence to support her assertion that
5 that Evergy Metro ("EMM") and Evergy West ("EMW") have greater volumetric risk
6 compared to the proxy group as a result of the Company's residential rate design?

7 A. No, her testimony does not provide enough objective information. Ms. Bulkley's
8 testimony refers to a comparison table of designed customer charge per month and rate
9 structure of the operating subsidiaries of a proxy group of 15 companies; this approach does
10 not necessarily describe a reasonable representation of risk that the proxy group faces in terms
11 of revenue.

12 Ms. Bulkley's assertion (pp 63) is that the design of an energy charge can directly affect
13 the volatility of fixed cost recovery in an inclining block rate design (variability in earnings
14 associated with year-to-year fluctuations in usage of the residential class, the largest class).
15 However, her analysis does not include a direct comparison of the EMM and EMW residential
16 electricity sales per customer relative to the proxy group.

17 Q. Have you compiled any information on the residential and total electricity sales
18 of the proxy group relied upon by Ms. Bulkley?

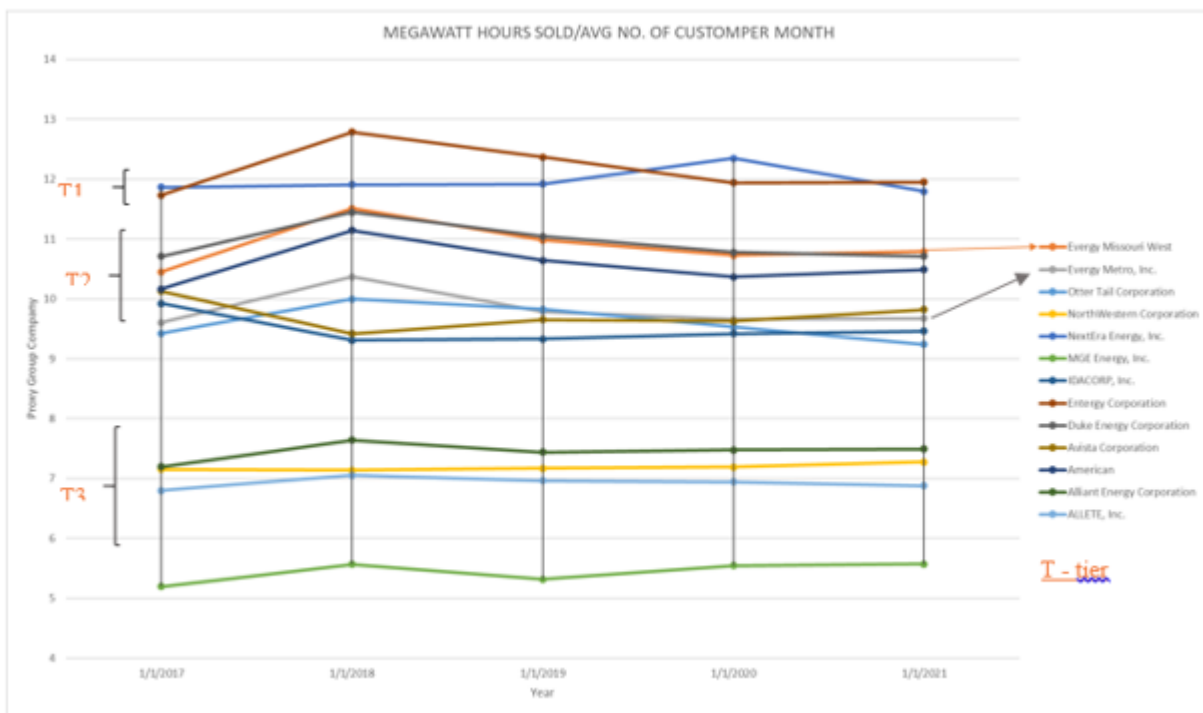
19 A. Yes. To provide an objective context, using annual data extracted from
20 S&P Global Market Intelligence, during the 5-year period, (January 1, 2017 to
21 December 31, 2021), a ratio to characterize risk exposure¹ was calculated for each of the

¹ Sharp changes in Megawatt Hours Sold/Avg No. Customer Month and/or relative position compared to other companies within the proxy group may provide an indication of increased exposure to risk.

² Data only available for 11 companies from the proxy group list of 15 companies.

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1 proxy group of 11 companies that are part of the 15 companies included in the proxy group
 2 in Ms. Bulkley’s testimony² as well as EMM and EMW. The ratios between residential sales
 3 to total sales of electricity depicts three tiers,³ EMW is positioned in the top of the middle tier
 4 with an average ratio of 10.89 %. EMM, also in same tier, is positioned fifth with an average
 5 ratio of 9.82 %. The total proxy group range is between 12.15% to 5.439% (megawatt hours
 6 sold/avg no. of custom per month) of their operating residential sales respectively. The chart
 7 below provides a graphical representation of the ratios described above.



³ This step is regularly used on clustering, a regular statistical detailed methodological analysis, and can be viewed as “pre-classificatory” in the sense that the researcher has not used prior judgment to partition the subjects (rows of the data matrix).

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1 Based on that finding, for the analyzed period, residential energy sales per customer per month
2 for both “EMM” and “EMW” and their respective positions relative to the other proxy
3 companies are relatively stable.

4 Q. Please summarize your testimony

5 A. My analysis adds a comparative context between EMM and EMW and 11 of the
6 15 companies of the Witness’ proxy group, based on that, for EMM and EMV megawatt hours
7 sold per average number of customers per month are stable and both positioned in the top
8 middle tier, no sharp changes were observed.

9 Q. Does this conclude your testimony?

10 A. Yes it does.

