

Exhibit No.:
Issue(s): Rate Base,
Plant In Service
Witness: Claire M. Eubanks, PE
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal and True-Up
Direct Testimony
Case Nos.: ER-2022-0129 and
ER-2022-0130
Date Testimony Prepared: August 16, 2022

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

**SURREBUTTAL AND
TRUE-UP DIRECT TESTIMONY**

OF

CLAIRE M. EUBANKS, PE

**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
August 2022*

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Case No. ER-2022-0130**

9

Q. Please state your name and business address.

10

A. Claire M. Eubanks and my business address is Missouri Public Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

11

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

12

A. I am employed by the Missouri Public Service Commission (“Commission”) as the Engineer Manager of the Engineering Analysis Department, Industry Analysis Division.

13

Q. Are you the same Claire M. Eubanks who filed direct testimony on June 8, 2022 in this case and rebuttal testimony on July 13, 2022?

14

A. Yes.

15

EXECUTIVE SUMMARY

16

Q. What is the purpose of your true-up direct testimony?

17

A. The purpose of my true-up direct testimony is to support Staff’s recommended disallowance related to the premature retirement of Advanced Metering Infrastructure (“AMI”).

18

Q. Through this testimony, do you provide any recommendations for recommended rate base levels to be reflected in the revenue requirement ordered in this case?

19

A. Yes.

1 Q. What is the purpose of your surrebuttal testimony?

2 A. I am responding to the Rebuttal Testimony of Company witness
3 Charles A. Caisley regarding AMI.

4 **ADVANCED METERING INFRASTRUCTURE**

5 Q. Please summarize the positions of the parties on Staff's recommended
6 disallowance related to the premature retirement of AMI meters with capability of remotely
7 disconnecting and reconnecting electric service ("AMI-SD meters").

8 A. Both Staff and the Office of the Public Counsel ("OPC") are recommending
9 the Commission disallow recovery of the Company's investment in AMI-SD meters
10 (OPC witness Dr. Geoff Marke refers to the AMI-SD meters as second generation AMI meters
11 and recommends disallowing all second generation meters). However, OPC witness
12 John A. Robinett argues Staff's recommended disallowance is lower than it should be, based
13 on his view that the depreciation reserve is not increasing as would be expected. Staff has
14 limited its recommended disallowance to AMI-SD meters that were installed for unknown
15 reasons or solely to gain the remote reconnection/disconnection feature. The Company argues
16 it has not prematurely retired AMI meters. I will address the Company's arguments in detail
17 later in this testimony.

18 Q. Did Staff update its recommended disallowance related to AMI-SD meters since
19 filing direct testimony?

20 A. Yes. At the time of filing of direct testimony, it was unclear when
21 Evergy Metro, Inc., d/b/a Evergy Missouri Metro ("EMM") and Evergy Missouri West, Inc.,
22 d/b/a Evergy Missouri West ("EMW") (collective referred to as "Evergy") began replacing

1 AMI meters with AMI-SD meters. Staff has also updated its recommended disallowance to
2 include imprudent meter retirements that occurred through true-up.

3 Q. What is the level and derivation of Staff’s recommended disallowance related to
4 imprudent meter retirements at true-up?

5 A. Staff recommends that the Commission approve a disallowance of
6 (\$6,321,846) for EMM and (\$2,957,124) for EMW FERC Account 370.2, respectively.

7 Evergy provided data of all meter exchanges that occurred from November 2018
8 through May 31, 2022.¹ The data included field notes associated with the individual meter
9 exchanges. Staff first grouped the field notes into categories. Staff has limited its recommended
10 disallowance to AMI-SD meters exchanged for unknown reasons and meters exchanged solely
11 to gain the remote reconnection/disconnection feature. Staff multiplied the number of meters
12 per grouping by the cost per meter (** [REDACTED] **) per meter² depending on meter type) to
13 arrive at its recommended disallowance.

14 Q. How did Mr. Caisley explain the meter exchanges that occurred for seemingly
15 unknown reasons?

16 A. Mr. Caisley on Page 21 lines 13-22 of his rebuttal testimony states:

17 [the] “unknown” meter exchange category comes from two different places -
18 people entering an order without any comments, or, more commonly, our field
19 personnel making the decision to exchange the meter while at a customer
20 location for a different reason. For the field employees, it’s a “pick-up” order in
21 PCAD and there is no way to enter a reason why we exchanged it. The reasons
22 for these type of pick-up orders include such things as damage to the meter, a
23 blank screen, damage due to meter can issues (loose clips), and a painted over
24 meter. When we enter orders for proactive AL to AX-SD meters the system
25 always puts a reason in, so they would not fall in this category.

¹ Response to Staff Data Request Nos. 0283-0283.3 in ER-2022-0129 and Response to Staff Data Request Nos. 0296-296.3 in ER-2022-0130.

² Cost per meter from the direct work papers of Marisol Miller. “CONFIDENTIAL_Evergy (MO West) Allocators Workpapers 202106 - Direct Filing” and “Evergy (MO Metro) Allocators Workpapers 202106 - Direct Filing”

1 Q. Does the data you reviewed support Mr. Caisley's explanation?

2 A. Not entirely. First, from the data I reviewed, there are entries for damaged
3 meters, blank screens, painted meters, or meter can issues. Staff categorized these instances as
4 either maintenance or damaged meter. Further, Staff's categorization of unknown exchanges
5 include instances where no data entry was provided but also instances where there were
6 instructions that simply did not explain the reason for the exchange. For example, instances
7 where the instructions were to exchange multiple meters at one location. ** [REDACTED]

8 [REDACTED]
9 [REDACTED] **³

10 Q. Did Staff ask for additional clarification regarding the meter exchanges that
11 occurred for unknown reasons?

12 A. Yes. ** [REDACTED]

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED] **

18 Q. Did Staff revise its categorization of meter exchanges based on Mr. Caisley's
19 testimony?

20 A. Slightly. In reviewing the exchanges that occurred for true-up there were
21 instances where a meter reader or field employee requested a meter exchange without a reason

³ Response to Staff Data Request No. 0282.1 in ER-2022-0129 and Response to Staff Data Request No. 0295.1 in ER-2022-0130.

1 specified, however, since it was a request made by the field person on-site Staff has categorized
2 these as maintenance rather than unknown.

3 Q. Please describe the Company's deployment of AMI and AMI-SD meters.

4 A. EMM and EMW initially replaced AMR⁴ meters with AMI meters in portions
5 of its service territories from 2014 to 2016.⁵ The AMI meters installed from 2014-2016 did not
6 include the service disconnect capability. Evergy began replacing AMI meters with AMI-SD
7 meters in late 2018. At the time of rebuttal testimony, Staff relied on Evergy's representation
8 that from ** [REDACTED]

9 [REDACTED].⁶ [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED] ** From November 1, 2018 through

13 May 31, 2022, 87% of the meters exchanged were less than 7 years old. Conversely, the design
14 life for the model of AMI meter installed by the Company is over 20 years. Further, the
15 Company's depreciation study used in this case calculated the average remaining life of the
16 2014-2015 vintage meters as being approximately 9 years.⁷

17 Q. Please explain the financial reviews undertaken by the Company.

18 A. The Company provided two financial reviews of its AMI-SD meter deployment.
19 The first financial review calculated the net present value revenue requirement (NPVRR) of

⁴ Automated meter reading is a metering system that allows a utility representative to read the meter device from a handheld device or vehicle at a distance, such as the sidewalk, rather than having a manual meter reader record the number off the display screen.

⁵ The Smart Grid Demonstration project included installation of AMI meters in 2010 and 2011, approximately 2.11% of its meter population (Surrebuttal Testimony of Geoff Marke, Schedule GM-6, ER-2018-0145).

⁶ Response to Staff Data Request No. 0283.2 in ER-2022-0129 and Response to Staff Data Request No. 0296.2 in ER-2022-0130, are attached as Confidential Schedule CME-s4.

⁷ Direct Testimony of John Spanos, Schedule JJS-1 page 477 and 583.

1 the meter deployment over a 20-year period. Mr. Caisley describes this financial review in
2 his rebuttal testimony on page 15, lines 4-9 concluding “from a financial perspective,
3 customers would be indifferent to the AMI-SD meter change.” Note Mr. Caisley later goes on
4 to claim the AMI-SD meters “bring additional cost savings”⁸ and that “[c]easing deployment
5 of AMI-SD meters would increase the Company’s cost of service higher than it would otherwise
6 be by eliminating the cost savings unlocked by AMI-SD meters.”⁹ The financial review
7 conducted by the Company estimates a NPVRR of ** [REDACTED] **, which does not demonstrate
8 that there are net cost savings to the AMI-SD meter rollout. I will further discuss the
9 assumptions in the financial review later in testimony.

10 The second financial review simply considers whether or not it would have been a better
11 financial decision for the Company to install AMI-SD meters in 2014. No party is suggesting
12 the Company should have installed AMI-SD meters in 2014.

13 Q. Does Staff agree that from a financial perspective customers would be
14 indifferent to the AMI-SD meter change?

15 A. No. The Company’s financial review does not consider that the existing
16 AMI meters have useful life remaining. Staff is not opposed to the replacement of damaged or
17 failed AMI meters with AMI-SD meters as those instances occur.

18 Q. Mr. Caisley in his rebuttal testimony argues that “[a]ll of [the benefits] were
19 described and quantified in the business plan constructed to analyze this AMI decision”,¹⁰
20 is this accurate?

⁸ Rebuttal Testimony Charles A. Caisley, page 22, lines 22-23.

⁹ Rebuttal Testimony Charles A. Caisley, page 23, lines 2-3.

¹⁰ Rebuttal Testimony of Charles A. Caisley, page 12, lines 15-17.

1 A. No. The list of benefits he presents on page 13 includes items that Evergy
2 represented to be ‘unquantifiable’ in data request responses.¹¹

3 Q. Describe the benefits that were quantified in the business plan constructed to
4 analyze the AMI-SD meter rollout.

5 A. The business plan estimated benefits in terms of operations and maintenance
6 (O&M) reductions. ** [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED] **

11 Q. Are all the assumptions used by Evergy to calculate the O&M reductions
12 reasonable considering the evidence in this case?

13 A. No. Evergy assumes a ** [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]¹² [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED] **

¹¹ Data request responses attached to Rebuttal Testimony of Claire M. Eubanks, Schedule CME-r1, page 1 and 2.

¹² Response to Staff Data Request No. 0540 in ER-2022-0129 and Response to Staff Data Request No. 0533, attached as Confidential Schedule CME-s3.

1 Q. Does Staff have other concerns with the assumptions Evergy used in calculating
2 its NPVRR of its AMI business case?

3 A. Yes. Evergy assumed a depreciation rate of ** [REDACTED] ** for its financial review.
4 However, in this case Evergy has proposed a depreciation rate of 7.76% for Metro and
5 8.09% for West for FERC Account 370.2. Note Staff recommends a 5% depreciation rate for
6 the AMI meter account.

7 Q. How do the Company's assumptions impact the Company's NPVRR
8 calculation?

9 A. As an example, if you assume a more reasonable level of ** [REDACTED]
10 [REDACTED], ** and use the Company's
11 recommended depreciation rate in this case the NPVRR would increase to ** [REDACTED]. **
12 Confidential Schedule CME-s1 attached includes the Company's calculation of NPVRR
13 (represented in thousands of dollars) for its AMI-SD meter replacement and Confidential
14 Schedule CME-s2 attached is the same calculation modified as described.

15 Q. Mr. Caisley explained that in 2019 meters that needed to be exchanged due to a
16 meter issue were exchanged with an AMI-SD meter, did Evergy test meters to confirm if there
17 were issues?

18 A. Yes, ** [REDACTED] **
19 (attached as Confidential Schedule CME-s5), ** [REDACTED]

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED] ** Commission rule 20 CSR 4240-10.030(28), which requires periodic testing of meters. For the AMI refresh project in 2014, KCPL requested and was granted a variance from this rule from the Commission for the period of January 1, 2014 through December 31, 2016. Staff has requested information to determine whether Evergy Missouri Metro has ** [REDACTED]

[REDACTED] ** Staff has also requested information to confirm that Evergy Missouri West's compliance with Commission rule 20 CSR 4240-10.030(28).

Q. Does this conclude your testimony?

A. Yes.

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 CLAIRE M. EUBANKS, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CLAIRE M. EUBANKS, PE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal / True-Up Direct Testimony of Claire M. Eubanks, PE*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Claire M Eubanks
CLAIRE M. EUBANKS, PE

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 10th day of August 2022.

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

D Suzie Mankin
Notary Public

SCHEDULE CME-s1 thru

SCHEDULE CME-s5

HAVE BEEN DEEMED

CONFIDENTIAL

IN THEIR ENTIRETY