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Service Commission

Exhibit No. 310

OPC – Exhibit 310
Manzell M. Payne
Rebuttal
File No. ER-2024-0189

Exhibit No.:
Issue(s):
Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Rate Case Expense
Payne/Rebuttal
Public Counsel
ER-2024-0189

REBUTTAL TESTIMONY

OF

MANZELL PAYNE

Submitted on Behalf of the Office of the Public Counsel

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

CASE NOS. ER-2024-0189

**

Denotes Confidential Information that has been redacted.

**

August 6, 2024

CONFIDENTIAL

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REBUTTAL TESTIMONY

OF

MANZELL M PAYNE

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

CASE NOS. ER-2024-0189

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

2 A. Manzell Payne, Utility Regulatory Auditor, Office of the Public Counsel (“OPC” or “Public
3 Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

4 **Q. Are you the same Manzell Payne who filed direct testimony for the Office of the Public
5 Counsel in this case?**

6 A. Yes.

7 **Q. What is the purpose of your rebuttal testimony?**

8 A. The purpose of my rebuttal testimony is to respond to direct testimony of Evergy Missouri
9 West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) witness, Linda Nunn, for
10 rate case expense. I will also respond to Staff witness, Lindsey Smith, on rate case expense.

11 **RATE CASE EXPENSE**

12 **Q. What is Staff’s recommendation for Rate Case Expense in this case?**

13 A. Staff is recommending the total rate case expense of the prior three general rate case be
14 averaged and then apply a three-year normalization of that rate case expense after Staff’s
15 recommended 50/50 sharing. Staff has also included normalized depreciation study and line
16 loss study expenses with no sharing.¹

17 **Q. What three rate cases did Staff use for their rate case expense calculation?**

18 A. Staff witness, Lindsey Smith, used a three-rate case expense average of full costs incurred by
19 EMW in the most recent concluded rate cases, Case Nos. ER-2022-0130, ER-2018-0146, and
20 ER-2016-0156.²

¹Lindsey Smith, Direct, Page 13, Lines 3-5.

²Lindsey Smith, Direct, Page 12, Lines 16-18.

1 **Q. Do you disagree with Staff’s calculation for rate case expense for this case?**

2 A. Not necessarily. Staff’s calculation takes a normalization of 3 years by using three past cases
3 and taking an average of those cases. In my direct testimony, I recommended a two case
4 normalization using EMW’s most recent concluded rate case, ER-2022-0130 and the rate case
5 expense for this current case ER-2024-0189. Staff and I have both recommended a 50/50
6 sharing of rate case expense. So, I do not disagree with Staff’s calculation as it is very similar
7 to mine.

8 **Q. Has Staff ever recommended a normalization of rate case expense using a two-case**
9 **normalization of current rate case expense of the company and the most recent rate case**
10 **expenses of that company?**

11 A. Yes. The most recent case of this was in Case No. WR-2023-0344 for Raytown Water
12 Company (“RWC”), where Staff performed their rate case expense calculation using a two-
13 case normalization of rate case expense.

14 Staff used a two-case average of rate case expense. By using a two-case
15 average, Staff is normalizing rate case expense while capturing costs RWC
16 will continue to incur in this proceeding. Staff recommends normalizing this
17 cost over a two-year period.³

18 **Q. Is there any reason that using a three-case normalization for this case would be**
19 **inappropriate?**

20 A. No. Staff has used a three-case normalization for rate case expense in the past.

21 **Q. What is Evergy West’s current estimated rate case expense for this case according to**
22 **their workpapers?**

23 A. As of the direct filing, Evergy West’s estimated rate case expense is an adjustment of
24 **_____** to account CS-80.

³ Case No. WR-2023-0344, Schedule KDF-d2, Page 8 of 9

1 **Q. How did the Company reach this result?**

2 A. First, the Company started with the **_____**⁴ as their test year amount that is already in
3 rates. The Company then takes the projected test year expenses for the current case of
4 **_____**⁵, divides it by 4 years, and finds the annual amount of **_____** to be in
5 rates. The difference of **_____** between the current rate case expense in rates and the
6 projected annual amount to be in rates is the cost of service adjustment by the Company.

7 **Q. Doesn't an adjustment of **_____** to account CS-80 result in a decrease in rate
8 case expense?**

9 A. Yes, the adjustment decreases rate case expense by **_____**⁵, making the Company's
10 annual collected rate case expense **_____**⁵. However, this is still an incorrect
11 calculation of the Company's rate case expense.

12 **Q. Can you explain why?**

13 A. Yes. I believe that this is the incorrect way to calculate the rate case expense in the current
14 case because the company should have normalized rate case expense by taking the rate case
15 expense of **_____**⁵ from Case No. ER-2022-0130, added it to the test year expense
16 of **_____**⁵, and then divided the sum by two (representing the number of cases) to
17 yield the average. The Company could have also used a third case, as Staff did. That sum
18 should then be divided by the number of years the Company expects to recover the amount.
19 Additionally, the Company should have included a 50/50 sharing, further reducing the rate
20 case expense to follow Commission precedent.

21 **Q. The Company has projected rate case expense of **_____** for this case. However,
22 in your direct testimony, you stated that rate case expense for Case No. ER-2022-0130
23 was **_____**. What is the rate case expense for Case No. ER-2022-0130?**

24 A. The actual number of rate case expense for ER-2022-0130 was **_____**.

⁴ Company Work paper titled "CS-80E Rate Case Expense – MO West Direct"

⁵ ER-2022-0130 rate case expense provided in Data Request No. 327 titled "Q327_CONF_MO West Rate Case Expense ER-2022-0130.xlsx"

1 **Q. Was the inclusion of this number an accident?**

2 A. Yes. In preparation for filing my direct testimony, many changes and corrections were made
3 to shape my testimony. The inclusion of \$1,659,158 was accidentally included in my direct
4 testimony. The number should be excluded from my direct and changed from **_____**
5 to **_____**.

6 **Q. Does the correction change your recommendation for the Commission regarding rate
7 case expense?**

8 A. No. In my direct testimony, I recommend that the Commission normalize the rate case
9 expenses from Case No. ER-2022-0130 and the rate case expense for this case, ER-2024-
10 0189. Since **_____** is the actual rate case expense for ER-2022-0130 and
11 **_____** is the Company's projected rate case expense for Case No. ER-2024-0189,
12 the number change does not matter, as my recommendation is to use the actual rate case
13 amounts, minus disallowances, from both cases to calculate a normalized amount.

14 **Q. What recommendation do you believe that the Commission should accept for this case?**

15 A. I recommend that the Commission should accept my recommendation or Staff's
16 recommendation, as both use the normalization of multiple cases for Evergy Missouri West.
17 Both recommendations ask that the Commission follow the 50/50 sharing mechanism for rate
18 case expenses that are not mandatory to initiate a rate case. Additionally, I believe that the
19 commission should only allow 80% of the depreciation study for rate case expense for the case
20 for reasons mentioned in my direct testimony.

21 **Q. Does this conclude your rebuttal testimony?**

22 A. Yes, it does.

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

In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West's Request for Authority to) Case No. ER-2024-0189
Implement A General Rate Increase for Electric)
Service)

AFFIDAVIT OF MANZELL PAYNE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

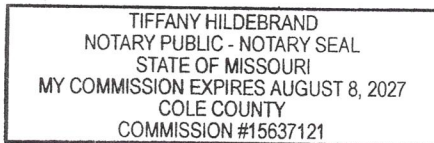
Manzell Payne, of lawful age and being first duly sworn, deposes and states:

1. My name is Manzell Payne. I am a Utility Regulatory Auditor for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal 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.




Manzell Payne
Utility Regulatory Auditor

Subscribed and sworn to me this 5th day of August 2024.



My Commission expires August 8, 2027.



Tiffany Hildebrand
Notary Public