

FILED
October 22, 2024
Data Center
Missouri Public
Service Commission

Exhibit No. 504

MECG – Exhibit 504
Kavita Maini
Surrebuttal
File No. ER-2024-0189

Exhibit No.:
Issue: Class Cost of Study, Revenue Allocation, Rate Design
Witness: Kavita Maini
Type of Exhibit: Surrebuttal Testimony
Sponsoring Parties: MECC
Case No.: ER-2024-0189
Date Testimony Prepared: September 10, 2024

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

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

Surrebuttal Testimony and Schedules of

Kavita Maini

On behalf of

MIDWEST ENERGY CONSUMERS GROUP

September 10, 2024



Protecting Your Bottom Line

KM ENERGY CONSULTING, LLC

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

In the Matter of Evergy Missouri West, Inc. d/b/a)
Every Missouri West's Request for)
Authority to Implement A General Rate)
Case Increase for Electric Service)

Case No. ER-2024-0189

STATE OF WISCONSIN)
) SS
COUNTY OF WAUKESHA)

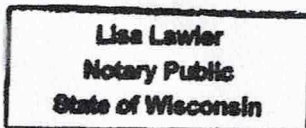
AFFIDAVIT OF KAVITA MAINI

Kavita Maini, being first duly sworn, on her oath states:

1. My name is Kavita Maini. I am a consultant with KM Energy Consulting, LLC. having its principal place of business at 961 North Lost Woods Road, Oconomowoc, WI 53066. I have been retained by the Midwest Energy Consumers Group ("MECG") in this proceeding on its behalf.
2. Attached hereto and made a part hereof for all purposes are my surrebuttal testimony and schedules which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2024-0189.
3. I hereby swear and affirm that the testimony and schedules are true and correct and that they show the matters and things that they purport to show.

Kavita Maini
Kavita Maini

Exp 3/10/2028



 9/10/2024

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

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

TABLE OF CONTENTS

	Page
I. INTRODUCTION	2
II. COST OF SERVICE	3
III. REVENUE REQUIREMENT ALLOCATION	7
IV. RATE DESIGN	10

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

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

Surrebuttal Testimony of Kavita Maini

1 **I. INTRODUCTION**

2 **Q. Please state your name and occupation.**

3 A. My name is Kavita Maini. I am the principal and sole owner of KM Energy Consulting,
4 LLC.

5 **Q. Please state your business address.**

6 A. My office is located at 961 North Lost Woods Road, Oconomowoc, WI 53066.

7 **Q. Are you the same Kavita Maini that filed previously Direct and Rebuttal**
8 **Testimony in this case?**

9 A. Yes, I filed direct testimony and rebuttal testimony on behalf of the Midwest Energy
10 Consumers Group (“MECG”). I provided recommendations regarding Evergy Missouri
11 West Inc.’s (“EMW” or “Company”) class cost of service study (“COSS”), revenue
12 allocation to classes and rate design for the Large General Service (“LGS”) and Large
13 Power Service (“LPS”) rate schedules.

14 **Q. What is the purpose of your surrebuttal testimony?**

15 A. The purpose of my surrebuttal testimony is to respond to Company and Commission
16 Staff witnesses regarding COSS methodology, revenue allocation, and rate design
17 related matters. The fact that I do not address any particular issue should not be

1 interpreted as my implicit approval of any position taken by Staff or any other party on
2 that issue.

3 **II. RESPONSES REGARDING CLASS COST OF SERVICE STUDY (COSS)**

4 ***1. Responses to Company Witnesses***

5 **Q. What was your recommendation regarding fixed Distribution Plant related costs**
6 **associated with FERC Accounts 364-367?**

7 A. I was concerned that failure to separate out costs associated with single versus three
8 phase distribution circuits results in over-allocating the costs to primary voltage
9 customers. I recommended that in rebuttal testimony, the Company should identify the
10 steps and effort needed to get access to the data needed and the associated timeline to
11 delineate between single phase and three phase distribution configurations to properly
12 allocate costs to secondary and primary customers.

13 **Q. How did the Company respond?**

14 A. The Company's consultant Mr. Craig Brown agreed that the Company could explore
15 some additional refinement in the Company's distribution cost allocation process as per
16 my recommendation and that he has experience in and is aware of other investor-owned,
17 electric cooperative, and municipal utilities to have utilized the approach of separating
18 out single phase and three phase distribution costs. ¹ While the Company does not
19 dispute the theoretical underpinnings of my recommendation, EMW indicated the need
20 to further investigate data adequacy with regards to the completeness of the Mapping
21 System data relative to the plant books and records. ²

¹ See Mr. Craig Brown's testimony on page 8.

² See Mr. Lutz's rebuttal testimony on pages 15 and 16.

1 **Q. How do you respond?**

2 A. I continue to be concerned regarding the over allocation to primary customers
3 particularly in this case because the Company has requested \$56 million in revenue
4 requirement associated with new infrastructure related primarily to distribution
5 equipment, which includes overhead and underground conductors and associated
6 infrastructure that incorporates the single phase and three-phase circuits. I therefore
7 recommend that the Company identify a methodology to delineate between single
8 phase and three phase distribution configurations to properly allocate costs to
9 secondary and primary customers. As the Company acknowledges, other utilities have
10 identified ways to implement this approach, and I am aware that some utilities have
11 been utilizing it for the last ten years. While I would have preferred that EMW
12 addressed this issue in the current case, since this does not appear to be viable based
13 on the Company's rebuttal response, I recommend that the Company commit to
14 utilizing a method that will address the single-phase three-phase delineation in the
15 next rate case.

16 **Q. What was your recommendation regarding fuel cost allocation?**

17 A. I had highlighted the concern that the Company's flat monthly allocator does not
18 recognize hourly energy cost and load variations and that other utilities utilize an E8760
19 allocator to allocate fuel costs to appropriately recognize the hourly customer class and
20 fuel cost variations. I had recommended that in rebuttal testimony, the Company identify
21 if it has the class and fuel cost data necessary to calculate the E8760 allocator and
22 associated timeline to get this allocator incorporated in its COSS.

23 **Q. How did the Company respond?**

1 A. The Company's position is that its allocation of monthly fuel costs related to monthly
2 class loads reasonably allocates fuel costs and further expanding to hourly fuel costs
3 could pose a very complex challenge for the Company from a cost and data-gathering
4 perspective.³

5 **Q. How do you respond to the Company's rebuttal position?**

6 A. Considering that the Company has implemented Advance Metering Infrastructure
7 ("AMI") metering and completed implementation of those meters in all Missouri
8 jurisdictions in early 2020⁴, it is not clear why the data gathering effort would be
9 complicated or costly. The Company already has the infrastructure to gather the load
10 data needed from customer classes and given its participation in the SPP market, hourly
11 energy costs are available. In my view therefore, EMW has not provided a valid
12 justification for making the assertion that the data gathering would be complicated or
13 costly. To be clear, my recommendation is only targeted to fuel cost allocation in the
14 cost of service study in a rate case setting and does not involve regular collection of this
15 data.

16 The E8760 allocator is used by other utilities in the Midwest. From a technical
17 standpoint, the E8760 allocator directly captures any time or seasonally based variations
18 and should be utilized. While the Company's monthly allocation approach is better than
19 an annual flat allocation, it makes sense to utilize the more granular E8760 data
20 particularly when the Company has made investments into AMI technology and has

³ See Mr. Craig Brown's rebuttal testimony on page 11.

⁴ See Ms. Marisol Miller's direct testimony at page 4.

1 access to the data needed to allocate the fuel costs to classes using this method that has
2 been adopted by utilities in multiple Midwest states.

3 **2. Response to Staff**

4 **Q. Staff witness Ms. Sarah Lange testifies on page 34 of her rebuttal testimony that**
5 **MECG adjusted EMW’s calculation of an Average & Excess Four Non coincident**
6 **Peak (“A&E 4NCP”) allocator to an A&E Four Coincident Peak (“A&E 4CP”)**
7 **allocator. Do you agree?**

8 A. No. On the contrary, the opposite is true. That is, as discussed in my direct testimony, I
9 adjusted EMW’s calculation of an Average & Excess Four Coincident Peak (“A&E
10 4CP”) allocator to Average and Excess Non coincident Peak (“A&E 4NCP”) allocator.

11 It should be noted that while the Company defended the use of its preferred
12 A&E4CP allocator in rebuttal testimony, it does not oppose MECG’s recommended
13 A&E4NCP.⁵

14 **Q. Ms. Lange does not find the Company’s minimum distribution study approach to**
15 **be reasonable. Do you have a clear understanding of her concerns?**

16 A. No, I do not, because of her contradictory statements. On the one hand she criticizes
17 that EMW’s minimum system has demand-capability which is ignored and therefore,
18 arguably should be removed.⁶ On the other hand, she asserts that since the minimum
19 system meets the demand needs for all customers served at 120/240, those customers
20 should not get further allocation based on demand or energy⁷ – this would mean she is
21 supportive of demand capability being included in the minimum study.

⁵ See Mr. Craig Brown’s rebuttal testimony on page 7.

⁶ See Ms. Sarah Lange’s rebuttal testimony on page 35.

⁷ See Ms. Sarah Lange’s rebuttal testimony on page 32.

1 If her real concern is that the minimum system approach incorporates some
2 demand capability, she could have asked the Company to conduct other established
3 approaches such as the minimum intercept or zero-intercept method and shown the
4 results.⁸ However, such results were not provided.

5 If her position is that customers served on secondary voltages should only pay
6 for secondary lines, this position ignores other minimum infrastructure costs that
7 enabled the service at this voltage. For instance, as discussed in my direct testimony, I
8 had identified that the primary distribution system consists of single-phase and three-
9 phase circuit configurations and failure to separate out costs associated with single
10 versus three-phase distribution circuits results in under allocating costs to secondary
11 voltage customers and over allocating the costs to primary voltage customers. Ms.
12 Lange's position ignores these important realities.

13 Therefore, I do not find these issues raised by Ms. Lange regarding the
14 Company's minimum system to be persuasive.

15 **III. REVENUE REQUIREMENT ALLOCATION – RESPONSE TO STAFF**

16 **Q. What is Staff's revenue allocation proposal?**

17 A. Ms. Sarah Lange continues to recommend an equal percent increase. Her main rationale
18 for this position is that she finds the COSS results to be unreliable.

19 **Q. Why does she find the COSS results to be unreliable?**

20 A. She indicated that the COSS results are unreliable due to (a) the potential impact of
21 disallowance of certain revenue requirement items such as Crossroads and TOU

⁸ The zero intercept analysis is another established method included in the NARUC manual. This analysis includes a methodology to calculate the customer component with a no-load intercept. (see page 92 of the NARUC manual).

1 adjustments on classes and (b) flaws in the minimum distribution system study
2 approach.⁹

3 **Q. How do you respond to Ms. Lange’s view that COSS results are unreliable due to**
4 **adjustments in revenue requirements?**

5 A. We conduct COSS studies to use as an important guide to determine any revenue
6 increase to the various classes. The typical approach in making revenue allocation
7 recommendations is that we consider getting closer to cost of service while tempering
8 and moderating rate impacts. Therefore, we are not in a situation where each class’s cost
9 responsibility and revenue responsibility are identical. Indeed, EMW’s¹⁰ and MECG’s
10 revenue allocation¹¹ recommendations in this case demonstrate that the class cost
11 responsibility continues to deviate with class revenue responsibility in order to moderate
12 impacts of certain classes. Both the Company and MECG applied certain multipliers to
13 the average jurisdictional increase to bring classes closer to cost but moderated the
14 multipliers to temper the rate impacts to certain customer classes.

15 Consequently, while the Commission could authorize the approval of the two
16 revenue requirement adjustments proposed by Ms. Lange, the COSS metrics typically
17 considered for developing revenue allocation recommendations such as the relative
18 rates of return, did not change in a significant way with these adjustments.¹² Figure 1

⁹ See Ms. Sarah Lange’s rebuttal testimony on page 29.

¹⁰ See Ms. Miller’s COSS based increases for each class in Table 6 of her direct testimony on page 25. She further explains on page 26 that she did not follow these results because doing so would have been “extremely detrimental to our residential and other customers and not in line with sound rate design principles. Instead, the Company opted for a gradual approach to adjusting revenues and rates.”

¹¹ Similar to the Company, I applied gradualism and moderation principles as can be observed in my recommendation on Figure 6, Page 30 of my direct testimony.

¹² The relative rate of return comparison helps in determining classes which are subsidizing versus classes that are getting subsidized. These insights along with consideration of rate gradualism principles help develop revenue allocation proposals to adjust rates so that the subsidized rate classes pay more and the subsidizing rate classes pay less – moving all rate classes closer to cost-based rates.

1 shows the relative rates of return (ROR) from the table in Ms. Langes rebuttal testimony
 2 on page 33. I show the class relative RORs for the EMW model as she indicates as well
 3 as the resulting relative RORs associated with the two revenue requirement related
 4 adjustments. As Figure 1 shows, while the relative RORs by class are slightly different
 5 for the two revenue requirement adjustments, they would not result in changing the
 6 overarching revenue allocation class curve recommendation that an analyst would have
 7 made by reviewing the results from the EMW model (i.e., the first row below). That is,
 8 while the revenue requirement is adjusted downward, the revenue allocation class curve
 9 relationship does not change

10 **Figure 1: Relative Rates of Return Associated with Staff's**
 11 **Revenue Requirement Adjustments**
 12

	Mo West	Residential	SGS	LGS	LPS	EV	Lighting
Relative Rates of Return (ROR) EMW Model	1.00	0.57	2.00	1.63	1.28	-12.93	2.26
Staff Relative ROR 1 (Crossroads Adj.)	1.00	0.61	1.89	1.58	1.31	-11.47	2.02
Staff Relative ROR 2 (Undo ToU Adj.)	1.00	0.63	1.86	1.55	1.26	-11.24	1.98

13
 14 Therefore, it is not correct to imply that the COSS results are unreliable due to
 15 a change in the revenue requirement or that somehow, adjusting the revenue
 16 requirements make the COSS results unreliable.

17 **Q. How do you respond to Ms. Lange's view that COSS results are unreliable due to**
 18 **her assertions about flaws in the Company's minimum system study?**

19 A. As discussed earlier, Ms. Lange appears to have two different positions on the
 20 Company's minimum system that conflict with one another. I am therefore not
 21 persuaded by her criticisms of the Company's minimum system study and do not find
 22 her distribution costs related adjustments to be technically justifiable or reasonable.

23 **Q. You have recommended some refinements to the Company's COSS with regards**
 24 **to distribution plant related costs (i.e., proper delineation and allocation of single**

1 **phase versus three phase circuit costs) as well fuel cost allocation (i.e., E8760**
2 **allocation). Are MECG's COSS results unreliable without these refinements?**

3 A. No. As demonstrated in my direct testimony, I used the MECG recommended COSS
4 (which does not include these refinements) as a guide for making the revenue allocation
5 recommendation to classes. Similarly, the Company recommended a revenue allocation
6 proposal by relying on its COSS. The COSS methodologies used by EMW and MECG
7 are well established and reasonable.

8 To be clear, while I had recommendations to further refine the Company's COSS
9 model to follow cost causation, I am not implying that the COSS results are unreliable.
10 Can the Company's COSS model be improved and refined? Yes. Is it unreliable to the
11 point it should be discarded without refinements? No.

12 Therefore, I continue to recommend that the Commission adopt my revenue
13 allocation recommendation, which considered COSS results based on a reasonable
14 COSS model and applied fairness and moderation principles in contrast to the equal
15 percent increase proposal recommended by Staff which focuses entirely on moderating
16 impacts to classes while ignoring the consideration of fairness between classes and cost
17 causation.

18 **IV. RATE DESIGN – RESPONSE TO COMPANY**

19 **Q. What was your recommendation regarding the Company's proposed charges to**
20 **the LGS and LPS classes?**

21 A. In direct testimony, I recommended: (a) lower increases to the facility charges compared
22 to the Company's proposal, (b) retaining the existing customer charge, (c) retaining the
23 same percentage increase to energy charges as proposed by the Company and (d)
24 increasing the billed demand charge to recover the remaining revenue requirement.

1 **Q. What was the Company's response?**

2 A. The Company opposed my recommendation indicating that the "Company must act on
3 the results of its CCOS study on hand and make progress to have greater cost alignment
4 and adjust C&I customer charges and facilities charges" as proposed in Ms. Miller's
5 direct testimony.

6 **Q How do you respond?**

7 A. The Company's revenue allocation proposal does not result in aligning all other
8 components of the cost of service for the LGS and LPS rate design due to moderating
9 impacts for other classes. Consequently, while I appreciate that the Company wants to
10 make progress to have greater cost alignment, the proposed alignment gives a false sense
11 of precision because on a fundamental level, the revenue requirement is not closely
12 aligned with the cost of service for the LPS and LGS classes. Furthermore, while the
13 Company's proposed revenue allocation to classes expressly applied moderation, EMW
14 has failed to use the same principles and instead, proposed roughly doubling the facility
15 charge for the LGS and certain LPS customers and more than 60% increase for other
16 LPS customers.¹³

17 **Q. Does this conclude your surrebuttal testimony?**

18 A. Yes.

¹³ See specific percentage increases and related discussion on proposed facility charges in my direct testimony, pages 33-36.