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Staff – Exhibit 266
Michael Stahlman
Surrebuttal
File No. ER-2024-0189

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Issue(s): *Weather Normalization*
Adjustment Factors
Witness: *Michael L. Stahlman*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

SURREBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

EVERGY MISSOURI WEST, INC.,

d/b/a Evergy Missouri West

CASE NO. ER-2024-0189

Jefferson City, Missouri
September 10, 2024

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MICHAEL L. STAHLMAN
EVERGY MISSOURI WEST, INC.,
d/b/a Evergy Missouri West
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365-Day Adjustment.....1
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1 A. Yes. My recollection is that between ER-2022-0130 and the prior rate case,
2 ER-2018-0145, there was an update to Microsoft Excel which necessitated Staff to redo the
3 weather normalization spreadsheets. As part of developing new spreadsheets, Staff reviewed
4 and discussed various methods used to determine the 365-day adjustment.

5 Q. Can you clarify the differences in methods discussed by Mr. Bass on page 2 line
6 15 through page 3 line 7 of his rebuttal testimony?

7 A. Yes. Essentially, the older method that EMW applied was to shift all bill cycles
8 into a hypothetical bill cycle that reads on a calendar month basis. Staff's method is to only
9 adjust a bill cycle's usage, using an average day's use, to get the total number of days in the
10 annual bill cycle to equal 365.

11 Q. Why did Staff decide to use the latter method?

12 A. Primarily, Staff's method limited the number of adjustments that needed to be
13 changed. The older method virtually guarantees that an adjustment would be made to a bill
14 cycle even if the cycle already had 365 days because of the move to a calendar month read
15 rather than its actual meter read dates.¹ Secondly, it is also easier to handle calendar years
16 that include a leap-year. Finally, keeping the multiple bill cycles on separate read dates is
17 consistent with how EMW actually bills its customers.

18 Q. Should the Commission order any particular method to perform the
19 365-day adjustment?

¹ As an example, if the beginning meter read date for the first month of a cycle was 12/8/2022 and the ending meter read date for the 12th month was 12/7/2023, Staff's method would have no 365-day adjustment. However, the older method would use estimates of usage for that cycle between 1/1/2023 and 12/31/2023 and make an adjustment factor based on the differences of that usage and the weather normalized usage between 12/8/2022 and 12/7/2023.

1 A. No. There is nothing inherently wrong with either method, and Staff has
2 generally found the differences between the results to be small. While not necessarily a concern
3 in this case, Staff would advise that the Commission should be cautious of EMW potentially
4 gaming the various methods to achieve the largest rate increase. Also, the 365-day adjustment
5 should be consistent with the period of weather normalization.

6 Q. Does Staff agree with Mr. Bass’s discussion on the Special Contracts class?

7 A. Yes, however Staff does not believe it made a 365-day adjustment to the Special
8 Contract class. It is possible that a column in Staff’s workpapers was mislabeled and caused
9 confusion. Staff is working with Evergy to remove the 365-day adjustment for the Special
10 Contract class, to the extent that it may exist.

11 **WEATHER NORMALIZATION ADJUSTMENT FACTORS**

12 Q. Do you agree with Mr. Bass that “Staff’s method is imprecise and overly
13 generalized”?²

14 A. To an extent, yes. However, Staff’s method is less generalized than EMW’s
15 method since it uses more information given by the data itself. As mentioned in my rebuttal,
16 both Staff and EMW perform two separate regression analyses: one for daily energy
17 consumption and the other for hourly peak usage. The resulting regression shows significant
18 differences between the weather’s impacts on hourly peak usage and daily energy consumption.
19 Staff’s method utilized this information and Evergy did not. Therefore, while Staff’s method
20 may be imprecise and overly generalized, it is still likely to be more accurate than the
21 EMW’s method.

² Rebuttal Testimony of Albert Bass, p. 3, l. 22.

Surrebuttal Testimony of
Micheal L. Stahlman

1 Q. Do you agree with the reasoning Mr. Bass provides on pages 4 and 5 of his
2 rebuttal as to why Evergy Missouri West did not provide Staff with hourly TOU rate code
3 customer data?

4 A. Not exactly. Even a few months of usage could have provided interesting
5 information about the rate code, even if it has limitations in its application. Additionally, there
6 are classes, such as the customers in a net metered class, which would have more than twelve
7 months of data that was not provided. Additionally, it should be noted that much of this problem
8 is due to when EMW decided to file this rate case. EMW could have waited to file when better
9 data is available, but chose not to do so.

10 Q. Does this conclude your Surrebuttal/True-up Direct testimony?

11 A. Yes, it does.

