

Exhibit No. 4

Exhibit: _____

Issues: Late and Partial Payments
Interaction with Cold Weather
Rule; Tracing of Funds

Witness: Matt Gummig

Type of Exhibit: Surrebuttal Testimony

Sponsoring Party: Evergy Missouri West

Case No. EF-2022-0155

Date Testimony Prepared: July 22, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO:

EF-2022-0155

SURREBUTTAL TESTIMONY

OF

MATT GUMMIG

ON BEHALF OF

EVERGY MISSOURI WEST

**Kansas City, Missouri
July 2022**

SURREBUTTAL TESTIMONY

OF

MATT GUMMIG

Case No. EF-2022-0155

1 **I. INTRODUCTION**

2 **Q: Please state your name and business address.**

3 A: My name is Matt Gummig. My business address is 1200 Main Street, Kansas City,
4 Missouri 64105.

5 **Q: Are you the same Matt Gummig who submitted direct testimony in this docket on**
6 **March 11, 2022?**

7 A: Yes.

8 **Q: On whose behalf are you testifying?**

9 A: I am testifying on behalf of Evergy Missouri West, Inc. d/b/a Evergy Missouri West
10 (“EMW” or the “Company”).

11 **Q: What is the purpose of your surrebuttal testimony?**

12 A: The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Staff
13 witness Sarah Lange regarding the treatment of partial and late customer payments in
14 relation to the securitized utility tariff charges (SUTC). I will also propose an update to
15 the proposed financing order included in Company witness Lunde’s direct testimony
16 regarding the tracing of funds collected as SUTC.

1 **Q: How does Staff witness Lange propose to treat partial and late customer payments in**
2 **relation to the SUTC?**

3 A: As described on page 18 of her rebuttal testimony and on page 2 of her Schedule SLKL-
4 r2, Staff witness Lange proposes that with regard to the Cold Weather Rule, partial
5 customer payments for customers under a Cold Weather Rule payment agreement should
6 be prorated among charge categories in proportion to their percent of the overall bill.
7 Otherwise, all amounts collected go first to the SUTC. My understanding of this proposal
8 is that it would require the Company to apply two different methodologies of applying
9 partial customer payments to individual charge categories, depending on whether the
10 partial payments were from customers on payment plans during the Cold Weather Rule
11 period (November 1 through March 31) or outside of that period.

12 **Q: How do you respond to this proposal by Staff witness Lange?**

13 A: I believe that Ms. Lange's proposal for the treatment of partial payments during the Cold
14 Weather Rule period agrees with the Company's initial proposal as included on page 7 of
15 my direct testimony and per my suggested update to the Company's proposed financing
16 order discussed below. I note that the Company's proposal also includes the added detail
17 that the first dollars collected from any partial payments would be attributed to any past
18 due balances. While not specifically described in Staff witness Lange's proposal, I do not
19 believe the Company's proposal regarding past due balances would conflict with Ms.
20 Lange's proposal during the Cold Weather Rule period as the Company's proposal
21 complies with existing Cold Weather Rule requirements.

22 With regard to Ms. Lange's proposal that partial payments outside of the Cold
23 Weather Rule should first be allocated to the SUTC, I do not agree that her proposal would

1 be the most suitable option for the treatment of partial payments. The Company's initial
2 proposal to consistently allocate all partial payments (irrespective of Cold Weather Rule
3 status) proportionally based on the portion of each individual charge compared to the total
4 bill is the most suitable option.

5 **Q: Why do you believe that the Company's proposal represents the most suitable option**
6 **for treating partial payments?**

7 A: The Company's proposal represents the most suitable option as it is the industry standard
8 structure for the treatment of partial payments in securitization transactions such as the
9 Company is proposing, has historically not served as an impediment to the securitization
10 bonds achieving the highest possible credit rating, and has a lower overall administrative
11 burden compared with other options.

12 Through discussions with the Company's legal and financial advisors and in other
13 utility securitization transactions that I have researched, it is my understanding that the
14 Company's proposed treatment of partial payments has been used in most instances where
15 similar utility securitization bonds have been issued. In many instances these securitization
16 bonds achieved the highest possible credit rating of AAA.

17 Further, by providing for a single uniform methodology for allocating partial
18 payments that is consistently applied to all customers irrespective of Cold Weather Rule
19 status or otherwise, the Company's proposal would represent a lower overall administrative
20 burden as it would not require having to apply different allocation methodologies that could
21 vary based on the associated customer and time of year.

1 **Q: You discussed in your direct testimony the Company’s proposal for the allocation of**
2 **partial payments and why you believe they represented an appropriate form of**
3 **tracing funds collected as SUTCs, as required under Section 393.1700.2(3)(c)j of the**
4 **Securitization Law. Do you have any updates to the proposed financing order**
5 **regarding the tracing of funds collected as SUTCs?**

6 A: Yes, I do. With regard to item 16 on page 21 of Company witness Lunde’s Schedule SL-
7 2 in his direct testimony, I would propose to replace the existing language with the
8 following:

9 *16. Evergy Missouri West proposes to trace funds collected as securitized*
10 *utility tariff charges, or other proceeds of securitized utility tariff property,*
11 *by applying the actual average uncollectible rate experienced on its overall*
12 *receivables to the securitized utility tariff charges, and amounts remitted by*
13 *Evergy Missouri West to the SPE for the securitized utility tariff charges*
14 *will reflect a reduction based on that rate. This method shall be used to*
15 *determine the identifiable cash proceeds of any securitized tariff property*
16 *subject to this Financing Order under applicable law. Evergy Missouri*
17 *West’s proposed method of tracing is subject to changes necessitated by*
18 *prevailing circumstances, including but not limited to, changes in the*
19 *customer billing system and the availability of relevant customer data.*

20 **Q: Why are you proposing to make this update regarding the tracing of funds in the**
21 **proposed financing order?**

22 A: The previous language for item 16 in the proposed financing order did not identify a
23 specific method and was meant to serve as a placeholder until the Company had identified
24 an appropriate method of tracing, which it has now done. The tracing method I propose in
25 this surrebuttal testimony was provided to Staff in response to Staff data request #0072.

26 **Q: Does that conclude your testimony?**

27 A: Yes, it does.

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

In the Matter of the Application of Evergy)
Missouri West, Inc. d/b/a Evergy Missouri)
West for a Financing Order Authorizing the) Case No. EF-2022-0155
Financing of Extraordinary Storm Costs)
Through an Issuance of Securitized Utility)
Tariff Bonds.)

AFFIDAVIT OF MATT GUMMIG

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Matt Gummig, being first duly sworn on his oath, states:


1. My name is Matt Gummig and I am employed by Evergy Metro, Inc. as Senior Manager - External Reporting.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri West consisting of four (4) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


Matt Gummig

Subscribed and sworn before me this 22nd day of July 2022.


Notary Public

My commission expires: 4/26/2025

