

Exhibit No. 214

Exhibit No.:
Issue(s): *Other Revenue*
Witness: *Nancy L. Harris*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case Nos.: *ER-2022-0129 and*
ER-2022-0130
Date Testimony Prepared: *June 8, 2022*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF AND RATE DESIGN DEPARTMENT

DIRECT TESTIMONY

OF

NANCY L. HARRIS

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
2022

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1 **EXECUTIVE SUMMARY**

2 Q. What is the purpose of your direct testimony?

3 A. The purpose of this testimony is to provide Staff's position on the following:

- 4 • Economic Development Rider (EDR) adjustments
- 5 • Prudence review of the Renewable Energy Standard Rate Adjustment
- 6 Mechanism
- 7 • Annual rate growth limitation with Plant in Service Accounting election

8 Q. Through this testimony, do you provide any adjustments to be applied to the level of

9 current revenues, billing determinants, and Net System Input ("NSI")?

10 A. Yes. This testimony includes an adjustment to current revenues based on

11 EDR credits through the update period.

12 Q. Through this testimony, do you describe the development of work product which you

13 provided to another Staff witness for the development of an issue?

14 A. Yes. A 12 month projection of the EDR credit was compiled for Staff witness Sarah

15 Lange for rate design.

16 **ECONOMIC DEVELOPMENT RIDER ADJUSTMENTS**

17 Q. Please explain Evergy Missouri's Economic Development Rider discount

18 program.

19 A. Evergy Missouri's Economic Development Rider (EDR) offers electric bill

20 discounts to new or expanding industrial customers meeting certain rider criteria. Eligible

21 customers receive an EDR discount applied to base rates over a five-year term. Optional riders

22 are available to new or expanding customers with special circumstances such as the Urban Core

23 Development Rider offering discounts to customers in designated urban areas, or the

1 Limited Large Customer Rider for customers in this rate class. All discounts are directed by
2 tariff guidelines and agreed upon by the customer and Evergy Missouri in a written agreement.
3 Discounts are applied as a direct credit or reduction to the customer's utility bill.

4 Q. Describe Staff's review of EDR discounts.

5 A. All active participant applications, customer/utility agreements, and monthly bill
6 samples were reviewed by Staff for tariff compliance as part of this rate case. Customer
7 EDR applications and agreements are also regularly reviewed by Staff independent of
8 rate cases.

9 Q. How is the cost of the discounts recovered by Evergy Missouri?

10 A. With each rate case, Evergy Missouri quantifies an EDR Credit for discounts
11 provided to customers utilizing this incentive. Staff adds the amount of the credit to Revenues,
12 thereby reducing Revenues. This is the cost of the discount which is allocated among all
13 customer classes through rates as an adjustment to Revenue Requirement per RSMo 393.1640.
14 Evergy Missouri Metro's (EMM) EDR Credit is \$1,494,730 for this rate case, and
15 Evergy Missouri West's (EMW) EDR Credit is \$1,838,084.

16 Staff also prepared 12-month EDR Credit projections for EMM and EMW for rate
17 design purposes. EMM's projected EDR Credit is \$1,010,532 and EMW's is \$1,342,671.

18 Q. What were Staff's findings in this rate case?

19 A. Staff's review of Evergy Missouri's reporting and sample billing show that
20 Evergy Missouri is generally complying with the tariffs guiding these discount programs.
21 However, Staff is aware of and will recommend a discount disallowance for one
22 EMM customer based on tariff non-compliance. The customer applied and received discount
23 under the Urban Core Development (UCD) tariff. The UCD tariff requires service under this

1 rider to be in conjunction with local, regional, or state governmental economic development
2 incentives. The customer is not able to provide evidence of such participation in any other
3 economic development activity as required by the tariff.¹ The amount of the disallowance
4 recommended is \$42,260. EMM agrees that the customer in question did not qualify for
5 discount under the UCD tariff and has stated their intention to discontinue the billing discount.²

6 **PRUDENCE REVIEW OF RENEWABLE ENERGY STANDARD RATE**
7 **ADJUSTMENT MECHANISM (EVERGY MISSOURI WEST ONLY)**

8 Q. Please describe the Renewable Energy Standard Rate Adjustment Mechanism.

9 A. The Commission first authorized a Renewable Energy Standard Rate
10 Adjustment Mechanism (RESRAM) for EMW in Case No. EO-2014-0151. The RESRAM is
11 applicable to all bills rendered for service to the retail customers served by EMW. Charges or
12 credits passed through the RESRAM reflect Renewable Energy Standard (RES) compliance
13 costs and benefits.

14 Q. What time period is being reviewed for RESRAM prudence in this rate case?

15 A. January 1, 2020 through December 31, 2021

16 Q. What material did Staff review for RESRAM prudence in this rate case?

17 A. Staff reviewed EMW's 2020 and 2021 RES Compliance Plan, Public Counsel's
18 review of RES Compliance Plans, and various data request responses submitted in this docket.

19 Q. What are Staff's findings from the review?

20 A. With regard to RESRAM prudence for the review period of January 1, 2020
21 through December 31, 2021, Staff did not find evidence that EMW's management

¹ Tariff JE-2020-0045 Sheet No. 41

² Date Request response 0276.1

1 of RES compliance costs during the review period was imprudent. However, in
2 Case No. EO-2020-0330, the Office of Public Counsel (OPC) raised concerns about
3 EMW's Purchase Power Agreement (PPA) providers and the true costs to EMW's customers
4 for RES compliance. In response to OPC's concerns, EMW maintains that the specific costs
5 in question are outside the scope of RES compliance. Staff does agree that once
6 RES compliance is met a utility may generate or obtain power from many other sources,
7 therefore this is outside the scope of RESRAM prudence. However, Staff is making mention
8 of the issue as the Commission has not yet issued a decision on this matter at this time,
9 EMW has not provided a transparent methodology for determining which PPAs are being
10 utilized for compliance with RES, and because EMW's PPA participation is increasing and
11 being recovered in several mechanisms other than RESRAM such as the Fuel Adjustment
12 Clause and the Renewable Energy Rider.³

13 Also, based on Staff's PPA inquiries during this review and EMW's decision making
14 process for entering into PPA's, Staff recommends EMW develop a standard process for
15 evaluating proposals for PPA's so that all factors such as market price and delivered price are
16 transparent and comparable among proposals. Staff understands that many factors other than
17 price are considered when evaluating PPA's. Establishing standards for PPA evaluation would
18 help EMW provide transparent justification and support the decision making process for
19 decisions to enter PPA's in the future which would be beneficial to EMW and Staff.⁴ Staff has
20 requested additional comparison information for further review on the Cimarron Bend III PPA.

³ Staff witness Amanda Conner testimony

⁴ Based on EMW response to DR 0281.1.

1 **PLANT IN SERVICE ACCOUNTING RATE CAP (EVERGY MISSOURI WEST**
2 **ONLY)**

3 Q. Please describe Plant-In-Service Accounting (PISA) treatment impact on
4 EMW's general rates.

5 A. For electric utilities electing PISA treatment for 85% of expenses related to plant
6 in service, an annual rate increase cap is in place. EMW's rate increase cap is 3% annually.

7 Q. Are EMW's proposed rates over the PISA rate cap?

8 A. Staff is reviewing base revenue at this time and does not currently expect
9 any issues.

10 Q. Does this conclude your direct testimony?

11 A. Yes it does.

Nancy Harris

Present Position:

I am an Auditor in the Tariff and Rate Design Department, Commission Staff Division, of the Missouri Public Service Commission ("Commission"). I have held this position since June 3, 2019 when I began employment with the Commission.

Educational Background and Work Experience:

In 1994, I completed a Bachelor of Science degree in Business Administration with a major in Accounting from the University of Central Missouri in Warrensburg, Missouri. From 1994-1997 I was a Business Instructor with Metro Business College teaching accounting and business courses. From 1998-2012 I worked in the manufacturing industry as an accountant. I was responsible for fixed asset expenditure tracking and reconciliation, inventory, accounts payables, and accounts receivables. Most recently, I was employed by the Missouri Department of Economic Development in 2017 as an Incentive Specialist and was responsible for benefit eligibility and compliance for the Missouri Works program.

Case No.	Company	Type of Filing	Issue
ER-2019-0375	Kansas City Power & Light Company	Rate Adj. - Staff Rec	MEEIA rate Adjustment
ER-2019-0397	KCP&L Greater Missouri Operations Company	Rate Adj. - Staff Rec	MEEIA rate Adjustment
HT-2019-0319	KCP&L Greater Missouri Operations Company	Tariff Adj. - Staff Rec	QCA tariff Adjustment
ER-2019-0374	Empire Electric	Rate Case - Testimony	Economic Development Riders Testimony
ET-2020-0092	Evergy Missouri West	RESRAM Adj. - Staff Rec	RESRAM Adjustment
ER-2020-0086	Ameren Missouri	RESRAM Adj. - Staff Rec	RESRAM Adjustment
ER-2020-0155	Evergy Missouri West	Rate Adj. - Staff Rec	DSIM Rider Adjustment
HT-2020-0326	Evergy Missouri West	Tariff Adj. - Staff Rec	QCA tariff Adjustment
HT-2020-0223	Vicinity Steam	Tariff Adj. - Staff Rec	QCA tariff Adjustment
EO-2020-0214	Evergy Missouri West	RESRAM - Staff Rec	RESRAM Prudence Review
ER-2021-0090	Ameren Missouri	RESRAM Adj. - Staff Rec	RESRAM Adjustment
ER-2021-0153	Evergy Missouri West	Rate Adj. - Staff Rec	DSIM Rider Adjustment
HT-2021-0245	Vicinity Steam	Rate Adj. - Staff Rec	PACC Adjustment
GR-2021-0108	Spire Gas Company	Rate Case – Testimony	Economic Development Rider and Misc. Charges Testimony

HT-2021-0351	Evergy West Steam QCA	Tariff Adj. - Staff Rec	QCA tariff Adjustment
ER-2021-0411	Evergy MO West	Rate Adj. – Staff Rec	MEEIA rate Adjustment
ER-2021-0312	Empire Electric	Rate Case - Testimony	Economic Development Riders Testimony