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Issue(s):	*Depreciation*
Witness:	*Amanda Arandia*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Rebuttal Testimony*
Case No.:	*ER-2026-0143*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

AMANDA ARANDIA

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

CASE NO. ER-2026-0143

Jefferson City, Missouri
August 2026

REBUTTAL TESTIMONY

OF

AMANDA ARANDIA

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

CASE NO. ER-2026-0143

Q. Please state your name and business address.

A. My name is Amanda Arandia and my business address is 200 Madison Street, Jefferson City, Missouri, 65101.

Q. Are you the same Amanda Arandia that prepared and filed Direct Testimony in this case?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. My rebuttal testimony addresses the depreciation rates and methodology proposed by OPC witness, John A. Robinett.

Q. Did Mr. Robinett perform a depreciation study?

A. No.

Q. What calculations did Mr. Robinett use to develop his proposed depreciation rates?

A. Mr. Robinett developed depreciation rates for selected generating plant accounts using a straight-line remaining-life calculation. For those accounts, he utilized the estimated terminal retirement dates for the generating facilities and allocated the estimated remaining depreciable balance over the estimated remaining life of the facility

using plant in service as of June 30, 2025, and reserve balances as of June 30, 2025 which he projected through June 30, 2026, in order to perform his calculations. For net salvage, he relied on the net salvage values adopted by the Commission in Evergy Missouri Metro's ("EMM") 2022 rate case.

Q. Did Mr. Robinett's provide a complete depreciation rate schedule?

A. No. Mr. Robinett developed depreciation rates only for selected plant accounts with estimated terminal retirement dates. He did not develop depreciation rates for all depreciable plant accounts.

Q. You indicated that Mr. Robinett projected reserve balances through the true-up period. Why is that significant?

A. This is significant for two reasons. First of all, his calculations use plant in service balances as of June 30, 2025, while using projected reserve balances as of June 30, 2026. Second, his projection blends two fundamentally different concepts: book reserves and theoretical reserves.

Book reserves are the actual accumulated depreciation recorded in the company's books. It reflects the depreciation expense that has been charged to customers through rates based on the commission approved depreciation rates as they have been applied over time.

Theoretical reserves on the other hand, are the calculated amount of depreciation reserves that would be expected to exist at a given time based on the current depreciation model and parameters used, including average service lives, retirement patterns and net salvage. In a depreciation study, the difference between theoretical and book reserves is

used to help identify whether the current depreciation rates have resulted in the accumulation of the appropriate level of reserves.

In a depreciation study, the plant-in-service balance, book reserve, retirement experience, and net salvage data are all analyzed as of a common study date. The theoretical reserve is then calculated using the depreciation parameters developed in the study and compared to the actual book reserve as of that same date. That comparison provides the basis for determining whether reserve deficiencies or excesses exist and for developing appropriate remaining-life depreciation rates.

Mr. Robinett instead projects the June 30, 2025, book reserve forward to June 30, 2026, without performing a corresponding depreciation study or developing an updated theoretical reserve as of that date. As a result, his analysis mixes historical accounting balances with projected values and does not provide the internally consistent reserve comparison that is fundamental to accepted depreciation methodology.

Q. Mr. Robinett states that the Commission should use the most up-to-date depreciation reserves possible because doing so allows ratepayers to receive the benefit of reserves they have paid. Do you agree?

A. While I agree that it is important to use the most up-to-date depreciation reserve balance when calculating depreciation expense at true-up, I do not agree that the reserve balance alone is sufficient to establish depreciation rates. Depreciation reserve balances are an important component of a depreciation analysis; however, the reserve balance alone does not determine the appropriate depreciation rate. A depreciation study evaluates the available data at the date of the depreciation study to determine the

appropriate average service lives, retirement patterns, and net salvage characteristics of a property group and then uses those depreciation parameters to evaluate whether the existing reserve is appropriate. Simply performing a remaining-life straight-line calculation using the most current reserve balance does not establish whether EMM has recovered the appropriate amount of its investment to date or whether future depreciation rates will properly reflect the remaining service life and retirement characteristics of the assets.

Further, as previously discussed, Mr. Robinett's approach does not use plant-in-service and reserve balances from the same point in time. He utilizes plant-in-service balances as of June 30, 2025, while incorporating projected reserve balances as of June 30, 2026. Using balances from different periods does not provide a consistent measure of the relationship between EMM's investment in plant and the associated depreciation reserve.

Q. How does Staff's calculation differ from Mr. Robinett's?

A. Although both incorporate remaining-life depreciation and anticipated terminal retirement dates, Staff first performed a comprehensive depreciation study to develop the depreciation parameters for each account. Staff evaluated historical retirement experience, developed survivor curves and retirement dispersions, considered engineering judgment, and evaluated historical net salvage. The estimated terminal retirement dates were then incorporated into that broader depreciation framework.

Mr. Robinett's calculations simply allocate the estimated remaining unrecovered balance of existing plant over the period ending with the assumed terminal retirement date, effectively amortizing the unrecovered plant in service over that period. His analysis does not include an evaluation of historical retirement experience or retirement dispersion for the affected accounts.

Q. Why is that distinction important?

A. A terminal retirement date identifies when a generating facility is expected to permanently cease operations. It does not describe how the individual assets within that facility retire throughout its operating life. Utility plant is continually subject to additions, retirements, and replacements before the facility reaches its terminal retirement date. A depreciation study recognizes and incorporates these activities through analysis of retirement experience, survivor characteristics, service lives, and net salvage.

Q. How does that affect the resulting depreciation rates?

A. Because Mr. Robinett's calculations are driven by the estimated plant-in-service and reserve balances, rather than by the underlying depreciation characteristics of the property group. This means that future changes to plant in service and reserve balances (which could vary significantly over time as EMM continues to add, retire, and replace assets) or even just the passage of time between rate cases could have a greater impact on future depreciation rates.

Although depreciation rates developed from a depreciation study are also expected to change over time, those changes are based on updated analyses and driven

by changes in average service life, retirement patterns and net salvage, rather than changes in accounting balances alone. As a result, depreciation rates based on a depreciation study generally provide a more stable and reliable basis for establishing depreciation rates over time and reduce the likelihood that future depreciation rates will require significant adjustments due solely to changes in accounting balances.

Q. Does this conclude your rebuttal testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2026-0143

AFFIDAVIT OF AMANDA ARANDIA

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

COMES NOW AMANDA ARANDIA and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Amanda Arandia*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

AMANDA ARANDIA

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of August 2026.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2029
Commission Number: 12412070

Notary Public