FILED
November 9, 2026
Missouri Public
Service Commission

Exhibit No. 133

Staff – Exhibit 133
Rebuttal Testimony of Marina Gonzales
Case No. ER-2026-0143

Exhibit No.:	
Issue(s):	*Class Cost of Service*
Witness:	*Marina Gonzales*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Rebuttal Testimony*
Case No.:	*ER-2026-0143*
Date Testimony Prepared:	*August 11, 2026*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF AND RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

MARINA GONZALES

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

CASE NO. ER-2026-0143

Jefferson City, Missouri
August 2026

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MARINA GONZALES

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REBUTTAL TESTIMONY

OF

MARINA GONZALES

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 Marina Gonzales and my business address is 200 Madison Street Jefferson City, Missouri 65101.

Q. Are you the same Marina Gonzales who provided testimony within Staff's Rate Design Report submitted on July 14, 2026?

A. Yes.

EXECUTIVE SUMMARY

Q. What is the purpose of your rebuttal testimony?

A. I will respond to:

1. Evergy Missouri Metro ("EMM") witness Graham Jaynes regarding the following:
    a. The implementation of the non-residential customer migration,
    b. Appropriate functionalization of general plant with little or no variable expenses,
    c. Class Cost of Service ("CCOS") Study
        i. Appropriate cost classification of certain distribution assets

ii. Appropriate cost allocation of "Administrative and Other" costs

d. The Residential Customer Charge

2. Midwest Energy Consumers Group ("MECG") witness Jessica York regarding the elimination of the Hours Use Rate Structure.

PROPOSED NON-RESIDENTIAL RATE DESIGN CHANGES

Q. Is EMM proposing changes to the non-residential rate design?

A. Yes.

Q. What specific changes are being introduced?

A. EMM's proposed changes discussed in this testimony are the following:

1. The establishment of Demand Thresholds, also referred to as "Bright Lines" to more "clearly define customer class eligibility and composition based on customer billed demand going forward."[1]
2. Move from 30-minute interval demand to 15-minute interval demand.
3. Elimination of the current Hours Use rate structure.

Implementation of Non-Residential Customer Migration

Q. What time interval did EMM use to migrate customers into the proposed Demand Thresholds?

A. EMM used the customer's monthly delivered demand that is currently measured using a 30-minute interval.

[1] Graham Jaynes Direct Testimony, page 10 lines 10-12.

Q. Is it reasonable to migrate customers using an interval level that is proposed to change?

A. No. As discussed in further detail in Staff's Direct Rate Design Report, all else being equal, shifting from 30-minute demand to 15-minute measured demand will increase the demand measured for most customers.

Q. How did EMM calculate the proposed billing determinants following the customer migrations?

A. To estimate the proposed billing determinants, EMM developed a conversion factor using customer-level 15-minute interval data paired with billed 30-minute demand. EMM applied the conversion factor of 1.03042 to the demand and facilities billing components across all rate codes. This conversion factor assumes that customers were properly migrated based on their 30-minute measured demand and further reduces the transparency that could have been provided if EMM used actual billing determinants measured at the 15-minute interval level.

Q. What is a reasonable sequence to migrate customers?

A. Given the applicable "Bright Lines", Staff recommends a reasonable sequence to migrate customers would be as follows:

1. Identify the applicable on-peak time interval.
    a. Staff recommends the use of the demand occurring in summer billing months between 10:00 AM and Midnight, and in

non-summer billing months between the hours of 6:00 AM and Midnight. [2]

2. Find the 15-minute on-peak demand of each customer for each of the 12 historic billing months. Determine which restructured rate class the customer should be served under based on that customer's 15-minute on-peak demand and the selected "Bright Lines."
3. Conduct a customer migration and determinants study.

Q. What determinants would be necessary to complete an effective customer migration and determinants study?

A. Staff recommends that for each restructured class, EMM calculate the monthly determinants for each charge, as the sum of the determinants of the customers migrated to that restructured class based on 15-minute on-peak demand:

1. Customer charge determinants,
2. 15-minute facilities demand, by service voltage, and as applicable, billing block,
3. 15-minute on peak billing demand, including minimum demands, by service voltage,
4. Reactive demand,
5. Total energy, by service voltage, and
6. Energy by time period, by service voltage.

Q. What is the estimated length of time needed to pull the data for Staff's recommended customer migration and determinants study?

[2] Staff Rate Design Report, *Demand Periods and Energy Periods*.

A. Staff requested this information for all non-residential customers at each voltage level and EMM witness Graham Jaynes suggested that "[a]n estimate of the time needed to complete would be approximately 2-3 months."[3]

Q. Why is it important to ensure accurate billing determinants?

A. The accuracy of billing determinant data is critical to the development of just and reasonable rates. Errors in the data may distort the relationship between the Commission-approved revenue requirement and the rates designed to recover the revenue, potentially resulting in over- or under-collection. Further, inaccurate billing determinants may produce unintended revenue allocation shifts among customer classes. Consequently, these issues could create the appearance of a smaller or larger revenue requirement increase than would otherwise be warranted.

Eliminating the Hours Use Rate Structure

Q. Is it reasonable to continue using Hours Use, as recommended by MECG witness Jessica York?

A. No, not beyond a limited transition period as described in Staff's Rate Design Report. With the introduction of AMI Metering, Hours Use is no longer necessary or reasonable to use for measuring and billing energy usage. As EMM witness Graham Jaynes states in his testimony, the "complexity limits customer understanding and engagement."[4] While my testimony strictly speaks to the complexity around the

[3] Staff Data Requests 468-476.
[4] Graham Jaynes Direct Testimony, Page18, line 14.

Hours Use rate structure, Staff Expert Sarah Lange discusses Staff's recommended rate structure in further detail in her rebuttal testimony, as well as Staff's Rate Design report.

Q. Can you provide an example of the complexity around the currently effective Hours Use rate structure?

A. Yes, for many customers it is very difficult to understand how the energy they use each month relates to the rate blocks billed under Hours Use. Although Google Witness Dr. Carolyn Berry does not directly discuss the Hours Use issue in her direct testimony, her workpaper provides an excellent example of the complexities surrounding the rate structure and tariff language around the topic. In Dr. Berry's workpaper, she calculates the rate revenues billed under the existing Large Power Service (LPS) tariff rate structure associated with the energy charge by applying an average rate to the energy usage. In her example, this resulted in a higher annual rate revenue and a higher overall All-In Rate ($/MW) than it should otherwise be for the customer served on the Hours Use Large Power Service rates. This miscalculation on the part of an expert testifying in a rate case highlights that the current rate structure is unnecessarily complex and it is unrealistic to expect customers to be able to effectively untangle it when more transparent and actionable rate structures are possible with new technology.

Q. How are you supposed to calculate the bill associated with the Hours Use Energy Charge?

A. Per EMM's Currently Effective Tariff,

Hours Use shall be determined by dividing the total monthly kWh on all meters by the Monthly Maximum Demand in the current month.[5]

You can determine the total monthly kWh by multiplying the Monthly Maximum Demand by the total hours in the month by the load factor. It is important to note that although the energy charge is blocked by Hours Use, the rate is on a dollar per kWh basis and the units of measurement need to align. Using EMM's current effective rates, the tables below illustrate a hypothetical LPS- Substation Voltage customer in the month of January with maximum energy usage and a monthly maximum demand of 85,000 kW.[6]

To first calculate the total monthly kWh, multiply the monthly maximum demand by the total monthly hours by the load factor. This results in a total of 50,592,000 kWh for the month of January.

	Maximum Demand (kW)	Total Monthly Hours (Jan.)	Load Factor (kWh/(kW*H)	Total
Monthly kWh	85,000	744	0.8	50,592,000

Now that we have calculated the total monthly kWh for this customer, we can appropriately calculate the usage per block. Dividing total energy by maximum demand provides the hours use for the month equal to 595.2. Given that this customer is using over 360 hours, we know that the first two blocks will be maxed out. We can simply multiply the hours use (180) by the maximum demand in kW (85,000), resulting in 15,300,000 kWh for the first two blocks.

[5] P.S.C. MO. No 7, 5th Revised Sheet Nos. 9E, 10E, 11E, 14D.
[6] The month of January has 744 hours.

	kWh = 180 H * Maximum Demand (kW)
First 180 Hours	15,300,000
Next 180 Hours	15,300,000

To determine the final block, all hours above 360, take the difference of the total monthly kWh and the first two blocks.

	kWh = Totally Monthly kWh - (Block 1 kWh + Block 2 kWh)
Above 360 Hours	19,992,000

Now that the hours use blocks have been converted into kWh, you can now apply the appropriate rate ($/kWh) to each block to finally determine the energy charge.

Hours Use	kWh	kWh*Rate ($/kWh)	
180	15,300,000	$	1,143,369.00
180	15,300,000	$	728,892.00
Above 360	19,992,000	$	497,400.96
Total	50,592,000	$	2,369,661.96

Q. Does Ms. York's recommendation to continue use of Hours Use for non-residential non-lighting classes cause Staff to reconsider its recommendation to transition away from that rate structure?

A. No. While my Rebuttal testimony strictly speaks to the complexity around the Hours Use rate structure, Staff Expert Sarah Lange discusses Staff's recommended rate structure in further detail in her rebuttal testimony, as well as Staff's Rate Design report.

EMM CLASS COST OF SERVICE STUDIES

Q. Are EMM's CCOS studies in this case reliable?

A. No. EMM produced a Current Class CCOS and a Proposed Class CCOS that is reflective of EMM's proposed Demand Thresholds. The Proposed Class CCOS is not reliable due to the implementation of the non-residential rate restructuring and renders the Current Class CCOS inapplicable. As discussed in further detail below, in both of EMM's CCOS studies, the distribution classifications do not appropriately recognize customer-related investments and do not functionalize Administrative and General Costs as such. Additional concerns about the reliability of the EMM CCOS studies are addressed in the rebuttal testimony of Staff expert Sarah Lange. Since the other CCOS studies filed in this case are derivative from the EMM studies, they are also unreliable.

Distribution Classification Method

Q. What is a minimum system study?

A. A minimum system study, also referred to as the minimum system method, is a method to classify distribution costs into demand and customer costs. To do so, the minimum system method attempts to calculate the "minimum system cost," or the cost if the installed distribution assets (transformers, poles, feet of conductors) were each the minimum-sized unit of that type of equipment that would be used on the system. In other words, this method seeks to answer the question: how much would it cost to install the same number of units, but if every unit is the current minimum unit normally installed? The resulting "minimum system cost" is then designated as customer-related and the remaining system cost is designated as demand-related.

Q. Did EMM conduct its minimum system study using the actual level of investment EMM has made in the components of its distribution system recorded assets in its Continuing Property Record ("CPR")?

A. No. EMM's distribution assets in the minimum system study include poles, conductors, and transformers installed anytime from the 1900s to last year in 2025. EMM uses the Handy-Whitman Index ("HWI") to adjust the asset values from the continuing property record as if they were all constructed and installed in 2025. When these results are applied to the actual level of EMM's investment, this approach tends to inflate the minimum asset cost that is multiplied by the total count and results in a higher-end valuation of the customer-related allocation value.

Q. Is this reasonable in the context of embedded cost of service ratemaking?

A. No. The use of the HWI in this manner negates the distribution of system investments over time and can result in an over- or underestimation of costs. If the HWI approach underestimates the cost of the minimum system, then too little distribution investment is classified as customer-related, shifting costs toward demand. If it overestimates the minimum system cost, excess plant is classified as customer-related, thus increasing costs allocated using customer counts that inherently impact larger classes like Residential. Staff re-analyzed EMM's minimum system study and found that EMM's HWI-adjusted study resulted in overestimation of the customer-related costs as compared to use of the embedded costs of minimum assets.

Q. Is the minimum system method the most appropriate method for classifying customer-related costs?

A. No. Setting aside the HWI issue, the minimum system method tends to produce a higher-end valuation of the cost of connecting customers to the grid by overclassifying distribution costs as customer-related that are not sensitive to customer numbers and does not account for the fact that infrastructure to serve residential and SGS customers tends to be smaller and less costly than the infrastructure to serve MGS, LGS, and LPS customers served at secondary voltage. Further, this approach produces a high-end valuation of the per-customer cost of service. Consider service lines, it is more common for multiple residential customers in an apartment building to be served on one service than it is for multiples of other service types to be served on one service line, with a reasonable assumption that LPS, LGS, and MGS customers served at secondary will each require a dedicated service line. Additionally, it is more common for multiple residential customers to be served by one transformer, whether in an apartment building or a neighborhood, than it is for multiples of other service types to be served on one transformer, with a reasonable assumption that LPS, LGS, and MGS customers served at secondary will each require a dedicated transformer. As a result, this method tends to allocate more costs to classes with larger customer numbers like the residential class.

Pole Count in the Minimum System Analysis

Q. How does EMM address Contribution In Aid Of Construction ("CIAC") in its minimum system study?

A. EMM's general ledger accounts reflects the net dollar value of the CIAC and the expenditure amount. However, the final count in the minimum system analysis does not account for the net count.

Q. What does this mean?

A. It means that EMM has poles on its books that are "free" or have a reduction in price because a customer has paid for that particular pole to be installed. EMM includes the existence of that pole in its minimum system calculation. This shifts the amount of recovery for poles in general to residential and SGS customers.

Q. How does EMM address multi-pole fixtures in the minimum system study?

A. EMM records each individual pole associated with a multi-pole configuration as a separate record and includes each separate pole in its pole count.[7]

Q. What does this mean?

A. In a minimum system study, the first step is to identify the number of poles needed to support the minimum system of overhead conductors. The minimum conductor system is assumed by EMM to operate as a single-phase primary circuit. A single-phase primary circuit would not require a multi-pole structure to support it. EMM's use of poles, rather than pole locations, for its pole count shifts the amount of recovery for poles, in general, to residential and SGS customers.

Q. How should the minimum system study reflect pole counts and how does that change the resulting classifications?

A. Reducing EMM's total pole count to account for poles associated with CIAC and unique multi-pole structures, the total pole count should be 118,519 - a

[7] Data Request 312.

difference of 37,167. This reduces the portion of pole costs that are classified as "customer-related" by roughly 11.85%.[8]

Functionalization of "Administrative and Other" costs

Q. What does Staff functionalize as "Administrative and Other" cost of service?

A. The cost of service is associated with the general cost of doing business that is not clearly related to energy production, transmission, or distribution.

Q. Does EMM's CCOS functionalize "Administrative and Other" costs as such?

A. No. EMM functionalized costs on production, distribution, transmission, customer costs, revenue, and direct revenue.[9] These "administrative and other" costs are allocated across the other functions using EMM's internal allocators. For these costs, this practice is less transparent, and it exacerbates any issues with underlying classifications and allocations.

Q. Why could this be a problem in a CCOS?

A. If a cost is incorrectly attributed to the wrong function of utility operation, then every allocation step afterward is affected. For example, let's assume there is a $100 asset under General Plant that supports Production ($40), Transmission ($10), Distribution ($30), and Administrative ($20) functions. Now suppose in an alternate

[8] This calculation considers only the pole count issue and relies on the EMM use of the HWI adjustment.
[9] The direct revenue for the residential battery pilot program and Clean Charge Network "CCN".

CCOS that $20 were incorrectly attributed to Distribution that should have been on Production.

	CCOS 1	CCOS 2
Production	$ 40.00	$ 20.00
Transmission	$ 10.00	$ 10.00
Distribution	$ 30.00	$ 50.00
Administrative	$ 20.00	$ 20.00

This would result in a shift of energy-related costs to demand-related and consequently would shift costs amongst classes.

Q. Is the same true of other steps of a CCOS?

A. Yes. If, for example, a CCOS inappropriately allocated distribution system costs based on an unreasonable customer classification, or if a CCOS inappropriately allocated production and energy cost of service, then the effect of those inappropriate allocations are amplified through the reallocation of general cost of service.

Q. How does EMM allocate Plant In-Service Accounting ("PISA")?

A. EMM used an internal allocator for Regulatory Assets associated with PISA of Total Plant in Service[10] ("TOTPLT") that is heavily allocated on Production Demand (55.01%) and subfunctionalized under Distribution by voltage level. Specifically, this allocator reallocates the cost of service of PISA based on the total plant already allocated to the classes. Staff's cost of service calculation of PISA is approximately $23.5 million. This cost of service is not related to any customer characteristic such as energy, demand, or customer count. This is discussed in further detail in Staff Expert Sarah Lange's Rebuttal testimony.

[10] Excludes Residential Battery Pilot

RESIDENTIAL CUSTOMER CHARGE

Q. What does EMM request for a residential customer charge?

A. Based on its minimum system classification of distribution revenue requirement EMM requests a residential class-average increase to the residential customer charge from the current $12.00. As of EMM's direct, this results in a $13.82 residential customer charge.

Q. Is it reasonable to rely on the customer-classified portion of distribution cost of service determined under EMM's minimum system study in a customer charge calculation?

A. No. Staff recommends the Commission rely on the basic customer method of cost causation for the residential customer charge. Under this approach, the customer charge should only include customer-specific plant as customer-related and recommends recovery of the cost of service of the residential class's allocated distribution assets through the volumetric rates.

Q. Does Staff recommend decreasing the residential customer charge?

A. No. Staff recommends retaining the currently effective residential customer charge of $12.00. As discussed in Staff Direct Rate Design Report, reducing the customer charge would shift additional cost recovery onto already increasing residential energy charges. Retaining the current residential customer charge can help to reduce rate shock associated with the overall rate increase contemplated in this case.

Q. Staff criticizes EMM's minimum system study. Would it be appropriate to include the customer-classified portion of distribution cost of service determined under an alternative minimum system study in a customer charge calculation?

A. No. In general, Staff does not recommend the use of the minimum system method to determine the customer-classified portion of distribution cost of service. When EMM adds a single residential customer, it does not add to its substations, its three phase primary distribution network, or its single phase primary distribution network, and to the extent that it does need to supplement these systems to accommodate reliable service as a whole, EMM is significantly insulated from that financial impact through PISA accounting.

When EMM adds a single residential customer, it may or may not add to its secondary distribution network. To the extent that it does add to the facilities to extend the network to reach a new customer, EMM's current tariff at Sheet 1.3, "Extension of Electric Facilities," governs.[11] Under those extension provisions, a new customer must demonstrate that their expected load is "economically justifiable," meaning that the new rates from the new customer are expected to exceed the utility's carrying costs on any new investment over the next five years. To the extent that any new residential customer would require the installation of new assets that EMM does not find "economically justifiable," then the new customer is required to pay directly for those assets.

[11] These provisions are substantially the same in EMM's proposed tariff in this case, beginning at sheet R-7.01.

CONCLUSION

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 MARINA GONZALES

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

COMES NOW MARINA GONZALES and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Marina Gonzales*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

MARINA GONZALES

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