

Exhibit No. 18

Exhibit No.:
Issue: Management Expense
Witness: Steven P. Busser
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Evergy Missouri Metro and Evergy
Missouri West
Case No.: ER-2022-0129 / 0130
Date Testimony Prepared: August 16, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0129 / 0130

SURREBUTTAL TESTIMONY

OF

STEVEN P. BUSSER

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

**Kansas City, Missouri
August 2022**

SURREBUTTAL TESTIMONY

OF

STEVEN P. BUSSER

Case No. ER-2022-0129 / 0130

I. INTRODUCTION

1

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

3 A: My name is Steven P. Busser. My business address is 1200 Main, Kansas City, Missouri
4 64105.

5 **Q: Are you the same Steven P. Busser who previously filed rebuttal testimony in these**
6 **dockets?**

7 A: Yes.

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

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

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

13 A: I will offer surrebuttal testimony on issues noted by the Office of the Public Counsel
14 (“OPC”) witness Cassidy Weathers regarding the propriety of management expense
15 charges.

1 **Q: What was the position of OPC witness Cassidy Weathers regarding management**
2 **expense charges?**

3 A: OPC witness Weathers asserts that Company employees are not in compliance with
4 Company policy E201 employee-incurred business expenses. OPC proposes a significant
5 employee expense disallowance adjustment which is estimated at \$490,034 split between
6 Evergy Missouri Metro of \$338,796 and Evergy Missouri West of \$151,238. OPC arrived
7 at this amount by estimating a \$115 per officer (15 officers, disallowance of \$20,844 for
8 Evergy Missouri Metro and Evergy Missouri West jurisdictions) per month disallowance
9 and applying that calculated amount to 350 management employees per month with the
10 assumption that all managers filed an expense report each month.

11 **Q: Does the Company have adequate internal controls involving expense report**
12 **reimbursements?**

13 A: Yes. As I discussed in my rebuttal testimony, Evergy has a robust corporate policy, E-201,
14 that details the requirements to be followed by employees for reimbursable expenses for
15 business travel and other miscellaneous expenses incurred by employees. Employee
16 expenses are reported, reviewed and approved timely each month. The policy also lists
17 requirements for receipts, the responsibilities of approvers, the process for procuring
18 business related travel expenses including lodging, air travel, transportation, meals and
19 other miscellaneous expenses. Failure to adhere to this policy may subject an individual
20 employee to disciplinary action, up to and including termination.

1 **Q: Does the Company perform any audits of the officer or employee expense reports?**

2 A: Yes. Internal audit performs annual audits of officer expense reports and bi-annual audits
3 of employee expense reports and there were no pervasive or material improprieties or
4 compliance issues sited in those reports as asserted by OPC.

5 **Q: Is the adjustment that OPC made regarding the expense report review an**
6 **unsupported estimate that is outside of the range of reasonableness?**

7 A: Yes. The adjustment is simply a fabricated estimate and unreasonable when reviewing the
8 population of expense reports submitted. OPC witness Weathers states that she performed
9 a comprehensive and detailed analysis of all or substantially all of the Evergy officer
10 expense charges in the test year ended June 30, 2021. However, she does not recommend
11 the disallowance of specific officer expenses but instead makes a general \$115
12 disallowance per officer per month. OPC then makes a \$115 disallowance estimate for all
13 350 management employees (including officers).

14 **Q: Does the Company agree with the OPC disallowance?**

15 A: No. First, OPC witness Weathers derives her arbitrary \$115 monthly expense disallowance
16 per officer from her personal belief on whether certain charges are appropriate. For
17 example, she cites without support that a particular meeting should have been conducted
18 at the office rather than over lunch or her beliefs that a charge was too high or that steak
19 and alcohol are not permissible to consume at a business dinner. The facts are that
20 legitimate business costs are recoverable from customers. For example, a meeting over
21 lunch may have been appropriate because there is a meeting with a new employee prior to

1 their hiring being announced or before they officially become an employee. Or perhaps
2 there is no other meeting time available on one's calendar other than the lunch hour.

3 Next, Ms. Weathers extrapolates this misaligned logic over 350 management
4 employees to develop her disallowance. It does not appear that OPC reviewed any expense
5 reports of the 350 management employees. The simple insinuation based on the inputs into
6 her calculation that every management employee on a monthly basis turns in an expense
7 report that is contrary to the Company's expense reimbursement policy has no basis in
8 reality and should not be given any attention by this Commission. The non-officer
9 management employee portion of the \$490,034 adjustment totaled \$469,189 or 95.7% of
10 the adjustment total. In addition, OPC is insinuating based on the inputs into the calculation
11 that every management employee supervisor is approving an excessive expense
12 reimbursement that is contrary to the Company's corporate expense reimbursement policy.
13 An individual who approves and / or validates credit card transactions or a reimbursement
14 request, accepts responsibility for the propriety of all costs and for adherence to Company's
15 expense reimbursement policy which provides that employees will be reimbursed for all
16 reasonable, legitimate and properly documented business expenses made in accordance
17 with Evergy Policy E201. Adoption of the disallowance proposed by OPC would require
18 the assumption that all supervisors are ignoring the corporate expense reimbursement
19 policy when approving employee expense reports which is something OPC has not shown
20 and is simply not the case. As I mentioned earlier, Evergy Internal Audit also audits Officer
21 and employee expense reports and there is no such finding in their audit reports either.

22 Finally, the magnitude of OPC's adjustment does not make sense when compared
23 to the total yearly expense reimbursement level. Total expense report reimbursements that

1 were recorded “above the line” for management employees for the test year totaled
2 approximately \$1,459,642 during the test year. OPC’s management expense report
3 adjustment proposes a combined disallowance of \$490,034. The relationship between the
4 total disallowed cost to total expense reimbursements (over 33%) shows that the
5 methodology that OPC has proposed is not reasonable, is not analytically supported, and
6 should be disregarded by the Commission.

7 **Q: Does the Company have any other statistics that demonstrate that OPC’s adjustment**
8 **is unsupported?**

9 A: Yes. On average during the test year our management level employees (utilizing the 350
10 management employees cited by Ms. Weathers) submitted approximately five and one-half
11 expense reports. Furthermore, over 20% or 73 of the 350 managers never even submitted
12 an expense report at all during the test year. And, of the remaining 277 managers that did
13 submit expense reports, more than 50% of them averaged less than \$115 of monthly
14 expenses throughout the test year. There are also a significant amount of expense reports
15 items that were charged below-the-line during the test year, approximately 2% for
16 management employees and 51% for officers. These figures show that OPC’s disallowance
17 is not based in reality, is unsupported by any analytical foundation, and in fact would result
18 in a disallowance of over 40% of officer expenses recorded above the line, an absurd
19 outcome based on the limited assertions advanced by OPC witness Weathers.

20 **Q: What should the Commission do concerning the review of employee expense reports?**

21 A: The Commission should reject OPC’s adjustment because it is an unrealistic approach and
22 simply not in the range of reasonableness. In addition, the Commission should consider
23 that the Company has a robust expense reporting policy that requires all expense reports to

1 be submitted and approved in a timely manner. Failure to properly do so can potentially
2 result in the termination of the employee. Further, the Company's Internal Audit team
3 regularly conducts audits of Officer and all employee expense reports and has not identified
4 the types of issues asserted by OPC witness Weathers. Finally, the Commission should
5 note that the Company's own internal review process has already resulted in the exclusion
6 of costs that are not being requested for recovery.

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

8 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) Case No. ER-2022-0129
Implement A General Rate Increase for Electric)
Service)

In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West's Request for Authority to) Case No. ER-2022-0130
Implement A General Rate Increase for Electric)
Service)

AFFIDAVIT OF STEVEN P. BUSSER

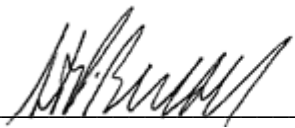
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Steven P. Busser, being first duly sworn on his oath, states:

1. My name is Steven P. Busser. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Vice President and Chief Accounting Officer.

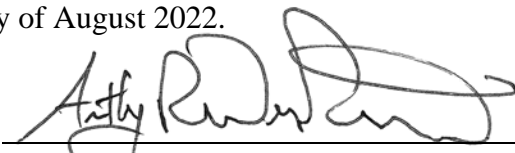
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of six (6) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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.



Steven P. Busser

Subscribed and sworn before me this 15th day of August 2022.



Notary Public

My commission expires: 4/26/2025

