

# Exhibit No. 264P

MoPSC Staff – Exhibit 264P  
Jared Giacone  
Surrebuttal & True-up Direct Testimony  
File Nos. ER-2022-0129 & ER-2022-0130

*Exhibit No.:*  
*Issue(s):* *Incentive Compensation,  
CWC, Payroll, SERP,  
Rate Case Expense,  
Property Tax*

*Witness:* *Jared Giacone*

*Sponsoring Party:* *MoPSC Staff*

*Type of Exhibit:* *Surrebuttal and True-Up  
Direct Testimony*

*Case Nos.:* *ER-2022-0129 and  
ER-2022-0130*

*Date Testimony Prepared:* *August 16, 2022*

**MISSOURI PUBLIC SERVICE COMMISSION**

**FINANCIAL & BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**SURREBUTTAL AND  
TRUE-UP DIRECT TESTIMONY**

**OF**

**JARED GIACONE**

**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  
August 2022*

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**SURREBUTTAL AND  
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4

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5

**Evergy Metro, Inc. d/b/a Evergy Missouri Metro**  
6 **Case No. ER-2022-0129**

7

**Evergy Missouri West, Inc. d/b/a Evergy Missouri West**  
8 **Case No. ER-2022-0130**

9 Q. Please state your name and business address.

10 A. My name is Jared Giacone and my business address is 615 East 13<sup>th</sup> Street,  
11 Kansas City, MO 64106.

12 Q. By whom are you employed and in what capacity?

13 A. I am employed by the Missouri Public Service Commission as a Senior Utility  
14 Regulatory Auditor.

15 Q. Are you the same Jared Giacone that filed direct testimony in these proceedings  
16 on June 8, 2022 and rebuttal testimony on July 13, 2022?

17 A. Yes.

18 **EXECUTIVE SUMMARY**

19 Q. What is the purpose of your surrebuttal/true-up direct testimony?

20 A. I will respond to Office of the Public Counsel (“OPC”) Witnesses  
21 Angela Schaben regarding incentive compensation, John Riley regarding the Cash  
22 Working Capital (“CWC”) state income tax lag and Cassidy Weathers regarding rate  
23 case expense. I will also respond to Company Witnesses Ronald Klote regarding  
24 the Operations & Maintenance (“O&M”) ratio, overtime, Supplemental Executive

1 Retirement Plan (“SERP”), Linda Nunn regarding rate case expense, and Melissa Hardesty and  
2 Darrin Ives regarding property taxes.

3 **INCENTIVE COMPENSATION**

4 Q. How did Staff calculate the amount of incentive compensation to include  
5 in rates?

6 A. Staff used a four-year average of incentive compensation cash payouts made  
7 during 2019, 2020, 2021, and 2022, exclusive of Earnings Per Share (“EPS”) components.

8 Q. What is OPC’s recommended method for including incentive compensation  
9 in rates?

10 A. According to the rebuttal testimony of OPC Witness Schaben, the OPC proposes  
11 to normalize Staff’s recommended incentive compensation amount over four years. In other  
12 words, OPC recommends using Staff’s annual normalized amount and spreading the annual  
13 amount over 4 years.

14 Q. Does Staff agree that its normalized level of incentive compensation should be  
15 spread out over a 4 year period?

16 A. No. Evergy’s incentive compensation plans have annual goals with annual plan  
17 payouts or expense. Since the expense occurs annually, it is not logical and not realistic to  
18 normalize a recurring annual expense over a multi-year period. In other words, Staff  
19 determined an appropriate annual amount of expense to reflect in rates, which was an average  
20 of annual payouts over four years. OPC took Staff’s average *annual* amount of expense and  
21 divided that over a four-year period or reduced the amount to 25% of Staff’s recommended  
22 annual level. It is not appropriate to reduce an annual recurring expense by 75%. Incentive

1 compensation is a typical and annual utility operating expense for those utilities that offer such  
2 programs and only allowing the utility recovery of 25% of a typical and annual utility operating  
3 expense is not just and reasonable.

4 Q. What is OPC witness Schaben's reason for normalizing incentive compensation  
5 over four years?

6 A. OPC claimed in direct testimony and continues to claim in rebuttal testimony  
7 that competently designed incentive compensation plans more than pay for themselves or are  
8 offset by the savings realized through the achievement of the corresponding incentive  
9 compensation goals.

10 Q. Has OPC provided evidence that shows Evergy's plan payouts and offsetting  
11 savings realized through the achievement of the corresponding incentive compensation  
12 plan goals?

13 A. No. OPC has not provided evidence to quantify the amount of savings by plan  
14 year that could offset the annual cost of incentive compensation expense. OPC's position is  
15 strictly theoretical and not based on factual supporting information.

16 Q. Did Staff remove any amounts from their recommended annual level of  
17 incentive compensation expense to include in rates?

18 A. Yes. As I stated in my direct testimony, Staff removed EPS metrics and  
19 stock-based incentive compensation from the recommended annual level of incentive  
20 compensation to include in rates.

21 Q. Are all incentive compensation payouts tied to quantifiable benefits that would  
22 directly offset the cost of the payouts?

1           A.     No. As I stated in my rebuttal testimony, there are safety and reliability factors  
2 that are included in the incentive compensation program goals. Safety and reliability does not  
3 have a direct known and measurable benefit that can be quantified to offset the cost of the plan  
4 payout for achieving that metric. Safety and reliability are tantamount to the provision of safe  
5 and adequate service and are appropriate metrics for an incentive compensation plan should a  
6 utility choose to implement such plan.

7           **CASH WORKING CAPITAL (CWC)**

8           Q.     What is OPC witness John Riley’s recommendation to the Commission for the  
9 state income tax CWC lag?

10          A.     OPC witness Riley states in his rebuttal testimony on page 4-5, “In addition, the  
11 Commission needs to order an adjustment to the state tax component of the CWC calculation  
12 to reflect the fact that the Company has not paid state income tax for at least three years, so the  
13 revenue lag associated to the state income tax needs to be adjusted to be 365. This is keeping  
14 in line with Commission order that recognized nonpayment of income taxes should be  
15 calculated with an annual lag due to the ratepayer paying for the tax liability but the Company  
16 not paying to the taxing authority.”

17          Q.     What is Staff’s recommendation to the Commission for the CWC state  
18 income tax lag?

19          A.     Staff submitted data request number 536 in Case No. ER-2022-0129 and data  
20 request number 543 in Case No. ER-2022-0130 which are attached to this testimony as  
21 Schedule JG-s1. Based on the Company’s response in these data requests, Staff does not  
22 recommend a change to the State income tax CWC lag. The data request responses stated that

1 Everygy made a quarterly estimated tax payment in the third quarter of 2021 and the Company  
2 estimates they will be in a taxable position for Missouri income taxes going forward. Being in  
3 a taxable position means the Company will be required to remit quarterly State income tax  
4 payments and thus the appropriate CWC lag for State income tax is the 38 days that Staff  
5 recommended in our direct filing.

6 **PAYROLL**

7 Q. What are the items that Company Witness Ronald A. Klote referenced regarding  
8 Staff's payroll adjustment that the Company does not agree with?

9 A. On page 4 of Company Witness Klote's testimony, it states, "Staff made three  
10 changes to the Company's calculation which the Company does not agree with. (1) Staff used  
11 inconsistent methodology to calculate overtime for Metro and Wolf Creek employees. (2) Staff  
12 did not apply an escalation factor to prior years in their overtime calculations to reflect current  
13 wage rates. (3) Staff used a period in time and calculated the Capitalization Ratio based on the  
14 12-months ending December 31, 2021 instead of using an historical average that has been  
15 standard practice and is reflective of a ratio that can fluctuate up and down over time." I will  
16 address each of these items in the following subsections titled "Overtime, Escalation Factor,  
17 and O&M Ratio".

18 **OVERTIME**

19 Q. What is your response to Mr. Klote's accusation that Staff used "inconsistent  
20 methodology" for calculating overtime?

21 A. Mr. Klote's accusation is without merit. There is absolutely no requirement in  
22 utility ratemaking to use the exact same methodology when analyzing overtime costs of



1 different operating units. A nuclear operating unit's overtime trends may not agree with general  
2 business unit overtime trends. It does not make sense to pigeon hole a recommendation to a  
3 single method if the analysis of trends for the various operating units supports using  
4 different methods. Staff's approach to recommending different methodologies is based on the  
5 facts of the trends analyzed. In this specific example, Staff used, and has consistently used, a  
6 three year average of Wolf Creek overtime to capture two refueling cycles which occur roughly  
7 every 18 months. For the non-nuclear operating unit overtime Staff recommends the calendar  
8 year 2021 level of overtime to avoid in part the impact of Covid-19. Using this recent year  
9 includes the most recent salaries and wages paid in the overtime.

10 Q. In utility ratemaking is there a requirement that a utility's expenses be evaluated  
11 using the same methodology or time period used for analysis of expenses in the same manner  
12 that was used in a utility's previous rate case?

13 A. No. Staff is making a recommendation based on known and measurable  
14 data and has taken into account the comparison of the most recent known and measurable  
15 costs compared to the trend of the expense over time all while considering any items that could  
16 have skewed the data used in the analysis such as weather (e.g., storms, severe cold or severe  
17 heat, etc.) or the global Covid-19 pandemic.

18 Q. Do you have any corrections to the overtime calculations included in  
19 Staff's direct filed case?

20 A. Yes. Staff discovered an error in the Wolf Creek overtime calculation  
21 where capitalized overtime amounts were included in the average. Staff has made the  
22 correction to isolate only the overtime expense in the true-up without the capitalized amounts.

1 Staff's 3-year average of Wolf Creek overtime at direct was \$2,884,590 and the corrected  
2 amount in true-up using the same 3-year average is now \$2,542,170.

3 **ESCALATION FACTOR**

4 Q. Why did Staff not apply an escalation factor to prior year overtime amounts?

5 A. As I stated in the previous section, Staff analyzed the trend in overall overtime  
6 dollar amounts in order to determine a recommended amount of overtime expense to include in  
7 cost of service going forward. Again, based on the analysis and trends in the overall overtime  
8 data, Staff used the last known calendar year 2021 overtime dollar amounts for Evergy Metro  
9 and Evergy West and used a three-year average of Wolf Creek overtime dollar amounts. Staff  
10 does not agree with inflating prior year known and measurable overtime dollar amounts based  
11 on an escalation percentage. Such escalation would only skew the raw data used in the analysis  
12 of overtime trends and assumes that overtime hours going forward would be exactly the same  
13 as the overtime hours included in the overall overtime expense amount that Staff used.

14 Q. Does Staff's recommended amount of overtime account for pay increases that  
15 occurred during the analysis period?

16 A. Yes they do. In the case of Evergy Metro and Evergy West overtime, the last  
17 known and measurable calendar year 2021 overtime amount is recommended going forward so  
18 any wage increases that occurred during 2018, 2019, 2020, or 2021 would be reflected in  
19 Staff's recommended last known 2021 amount. Those overtime amounts are stable which is  
20 why the last known amount was used. In the case of Wolf Creek overtime a three-year average  
21 of 2019, 2020 and 2021 overtime was used because it is a nuclear generating facility  
22 that requires a refueling outage every 3 years, which could impact the regularity of

1 overtime expense. Staff incorporated the last known 2021 amount for Wolf Creek overtime in  
2 the average because the Wolf Creek overtime amounts did not appear to be stable. The  
3 average smooths the high or low amounts and provides a stable value that incorporates any  
4 wage increases that have occurred and offers an appropriate amount of overtime to include in  
5 the cost of service.

6 Q. To your knowledge did the Company apply an escalation factor to any other  
7 expense items?

8 A. No, not to my knowledge. Expenses are the utility's cost for providing service.  
9 Staff analyzes expenses to determine an appropriate level of each expense to include in rates  
10 going forward. The analysis involves determining if the expense is going up, remaining the  
11 same or if it is declining.

12 Q. Is it possible that overtime expense could decrease?


13 A. It is. As with any expense, Staff determines a recommended amount to include  
14 in cost of service going forward based on thorough analysis. However, Staff does not manage  
15 the Company. The Company could immediately implement policies and procedures to reduce  
16 expenses immediately after rates are set in this case. For example, the Company could  
17 implement a policy to restrict the use of overtime, which could greatly decrease the amount of  
18 expense actually incurred and the Company would reap the benefit of the decreased expense  
19 actually incurred versus what was included in rates.

20 **O&M RATIO**

21 Q. What is your response to Mr. Klote's testimony that Staff did not use a historical  
22 average that has been standard practice?

1           A.       Staff reviewed the O&M ratio trends for 2018, 2019, 2020, and 2021. Based on  
2 that analysis, Staff confirmed the ratio was in a downward trend. There is no need to use an  
3 average of multiple years to reflect a fluctuation in the ratio up or down since Staff's analysis  
4 revealed solely a downward trend. That is why Staff chose and why the Commission should  
5 appropriately decide to use the last known calendar year 2021 O&M ratio. The trend in the  
6 O&M ratio is shown in the following table:

7

<b>O&amp;M Ratio Trend</b>				
Evergy Metro			Evergy West	
2018	73.32%		2018	65.84%
2019	71.25%		2019	65.73%
2020	64.40%		2020	54.35%
2021	63.66%		2021	50.38%

8

9           Q.       Are you aware of any reasons why the O&M ratio is trending down?

10          A.       Yes, as I stated in my direct testimony, Evergy began the process of a five-year  
11 Sustainability Transformation Plan (“STP”) focused on capital investment and a reduction  
12 of O&M costs. Please refer to Page 4, lines 12-18 of my direct testimony for additional  
13 information.

14          Q.       Is it appropriate to attempt to oversimplify utility ratemaking and adopt a status  
15 quo position of using an average when the data clearly shows a downward trend without  
16 fluctuation?

1           A.     No. It is not reasonable to simply take a status quo position of using an average  
2 just because that is what was done in the past. Analysis in utility ratemaking using a historical  
3 test year requires truly understanding the data with the awareness for reflecting the most recent  
4 data available compared to a reasonable overall review period to determine any trends that guide  
5 the decision towards what the ongoing future amount that would likely be incurred.

6     **SERP**

7           Q.     What does Evergy Witness Klote state in his rebuttal testimony regarding Staff's  
8 recommended amount of SERP expense?

9           A.     On page 24 of Mr. Klote's rebuttal testimony he disagrees with Staff's four year  
10 average and believes that Staff's position is an over simplification.

11          Q.     Do you agree that anything less than reviewing a five year period of SERP lump  
12 sum payments creates a simplification that is not representative of the Company's true  
13 normalized cost?

14          A.     Absolutely not. When reviewing data it is not reasonable for the analyst to  
15 simply take a status quo period of time just because that is what was done in the past.  
16 Reasonable analysis, especially in utility ratemaking using a historical test year requires truly  
17 understanding the data with the awareness for reflecting the most recent data available  
18 compared to a reasonable overall review period to determine trends that guide the decision  
19 towards what the ongoing future amount that would likely be incurred. Reasonable analysis  
20 requires an awareness for any extraordinary amounts in the data.

21          Q.     Were there any extraordinary lump sum payments included in Staff's analysis  
22 of SERP lump sum payments for the 4 year period of 2018, 2019, 2020, and 2021?

1           A.     Yes. There was an extraordinary lump sum payment in 2021 to the Company's  
2 former Chief Executive Officer ("CEO").

3           Q.     Why do you consider the payout to a CEO extraordinary?

4           A.     One reason is the payout to an individual who was the CEO would not  
5 reasonably be expected to occur with routine frequency. The present CEO of the Company was  
6 hired in 2021. Therefore it would be unreasonable to assume the CEO would leave the  
7 Company and take a SERP lump sum payout within five years. Another reason a SERP payout  
8 to the position of CEO is extraordinary is because of the dollar amount, in this case it was  
9 approximately \$2.5 million. The CEO can reasonably be assumed to be the highest  
10 compensated employee in the Company.

11          Q.     Did Staff include the 2021 lump sum SERP payment to the former CEO in the  
12 four year average of SERP payments to form the recommended amount of SERP expense to  
13 include in rates?

14          A.     Yes, but converted the lump sum to an equivalent amount as if an annuity option  
15 had been selected and that amount was included in the average.

16          Q.     Why is that important for the Commission to know?

17          A.     The Commission should know that Staff performed a detailed analysis of  
18 SERP payments. It would not be unrealistic to exclude or take into consideration that sort of  
19 extraordinary CEO payout from the average, but since in Staff's detailed analysis the payout  
20 was made in the last known calendar year that Staff used in their analysis, Staff made the  
21 decision to include the extraordinary payout converted to an annuity. The Company fails to  
22 acknowledge the extraordinary payout to the former CEO that Staff included. There is no basis  
23 for the Company to claim Staff's four year period of review in this case creates a simplification

1 that is not representative of the Company's true normalized annual cost. This is simply an  
2 attempt by the Company to further increase the amount of SERP expense to include in rates by  
3 picking up an additional half-million dollar lump sum payout that was made in 2017. For the  
4 reasons I laid out in this testimony, the Commission should know that Staff's four year average  
5 of SERP payments from 2018-2021 is reasonable and there is no reason for the Commission to  
6 consider the Company's five year average of SERP payments from 2017-2021.

7 Q. Did Mr. Klote state any other issues with Staff's SERP adjustment in his  
8 rebuttal testimony?

9 A. Yes, on page 25 beginning on line 12, Mr. Klote states, "The Company believes  
10 that a capitalization amount should be removed from the test year in EMM and EMW's SERP  
11 adjustments. However, discussions are still ongoing with Staff on this issue."

12 Q. What was determined regarding the test year SERP capitalization issue?

13 A. Based on discussions with the Company, it is Staff's understanding that the  
14 Company would no longer be removing a capitalized portion from the test year. Based on that  
15 information provided, the Company and Staff are now in agreement.

16 **RATE CASE EXPENSE**

17 Q. What is the Company's recommendation for rate case expense?

18 A. Every Witness Linda Nunn recommends 100% recovery of all reasonable and  
19 prudently incurred rate case expense.

20 Q. What is OPC's recommendation for rate case expense?

1           A.     According to OPC witness Cassidy Weathers' rebuttal testimony, the OPC  
2 recommends 100% recovery of the depreciation study and line loss study expenses and a  
3 50/50 sharing of the remaining rate case expenses.

4           Q.     What is Staff's recommendation for rate case expense in direct testimony?

5           A.     In my direct testimony, I stated that Staff would review rate case expense in the  
6 true-up phase of this case. I also stated in my direct testimony that Staff recommends full  
7 recovery of rate case expenses incurred to comply with statutory requirements and a 50/50 split  
8 of remaining discretionary rate case expense between ratepayers and shareholders.

9           Q.     Did Staff true-up rate case expense?

10          A.     Yes, please refer to the true-up section of this testimony below for Staff's  
11 updated recommendation for rate case expense.

12          Q.     What normalization period for recovery of rate case expense does Staff, the  
13 Company, and OPC recommend?

14          A.     Staff, the Company, and OPC recommend a four year normalization of rate  
15 case expense.

16          Q.     Did Staff revise the error in the rate case expense voucher spreadsheet that  
17 OPC Witness Weathers stated in her direct testimony?

18          A.     Yes. Staff revised the rate case expense voucher spreadsheet to show the  
19 respective Evergy Metro and Evergy West portion of the Brattle invoice.

20        **PROPERTY TAX**

21          Q.     What does Evergy witness Hardesty state in rebuttal testimony?



1           A.     Evergy witness Hardesty states on page 7, lines 3-7, “Missouri recently passed  
2 legislation, signed by the governor on June 29, 2022, which expressly allows utilities to  
3 establish a property tax tracker to defer increases or decreases in property tax expense compared  
4 to the amount included in base rates into a regulatory asset or liability. Therefore, the Company  
5 should be allowed to establish this tracker under current Missouri law.”

6           Q.     Does Staff agree?

7           A.     Staff agrees that property tax tracker legislation was passed and signed by the  
8 Governor on June 29, 2022 and will become law on August 28, 2022.

9           Q.     Does the Company explain in testimony when they intend to begin utilizing the  
10 property tax tracker legislation?

11          A.     Yes, beginning on page 19 of Darrin Ives’ rebuttal testimony it states,  
12 “As discussed in the rebuttal testimony of Company witness Melissa Hardesty, Missouri  
13 recently passed legislation, signed by the governor on June 29, 2022, which allows utilities to  
14 establish a property tax tracker. The legislation will be effective August 28, 2022. Accordingly,  
15 the Company intends to begin recording a deferral for property tax expenses incurred that  
16 deviate from the amount currently in base rates starting on September 1, 2022 and other than  
17 ensuring the Commission order in this rate case appropriately identifies the base property tax  
18 amount included in rates resulting from this 2022 rate case proceeding, there should no longer  
19 be a property tax tracker issue to be decided by the Commission in this proceeding.”

20          Q.     Is the Company suggesting that the base level of property taxes should be based  
21 on the property taxes included in its 2018 rate cases?

22          A.     Yes. In response to Staff Data Request 0535 in Case No. ER-2022-0129 and  
23 0542 in Case No. ER-2022-0130 attached to this testimony as Schedule JG-s2, the Company

1 confirmed that the property taxes included in the 2018 rate cases, with modifications, should be  
2 used to track property taxes. The response to the data requests states, “For purposes of  
3 estimating what is included in current rates for property tax expense, the company used  
4 Staff’s allocators but the difference between company and Staff is not much different.”

5 Q. Does the new legislation support establishing a base level using the amounts  
6 included in Staff’s true-up accounting schedules in the 2018 rate cases?

7 A. No. The new legislation, Senate Bill 745 states:

8 Electrical corporations, gas corporations, sewer corporations and water  
9 corporations shall defer to a regulatory asset or liability account any  
10 difference in state or local property tax expenses actually incurred, and  
11 those on which the revenue requirement used to set rates in the  
12 corporation’s most **recently completed general rate proceeding** was  
13 based. The regulatory asset or liability account balances shall be included  
14 in the revenue requirement used to set rates through an amortization over  
15 a reasonable period of time in such corporation’s subsequent general rate  
16 proceedings. The commission shall also adjust the rate base used to  
17 establish the revenue requirement of such corporation to reflect the  
18 unamortized regulatory asset or liability account balances in such general  
19 rate proceedings. Such expenditures deferred under the provisions of  
20 this section are subject to commission prudence review in the next  
21 general rate proceeding after deferral. [Emphasis Added.]

22 Q. What is Staff’s position on when the property tax base amount will be set?

23 A. Four years have passed since Evergy Metro’s and Evergy West’s 2018 general  
24 rate cases. It is Staff’s opinion that the 2018 rate cases are not consistent with the legislation  
25 language of “recently completed rate cases”. Staff’s position is that the base property tax level  
26 will be established in this current proceeding and the deferral of property taxes will begin with  
27 the effective date of rates in this current proceeding. Therefore the amount of property tax  
28 expense that should be tracked against actual expense in the property tax tracker going forward  
29 is Staff’s recommended level proposed in this present case.

1 Q. In the response to data requests 535 and 542 (Schedule JG-s2), the Company  
2 estimated the 2018 property taxes. Do you think it is reasonable for the Company to be able to  
3 pick an estimated level of property tax expense to be tracked against if that amount was not  
4 specifically approved and ordered by the Commission?

5 A. No. I don't think the intent of the statute was to allow the utility to select an  
6 estimated level of property tax expense to be tracked against unless the Commission has decided  
7 and ordered a specific level of property tax expense to be tracked against. The overriding and  
8 long upheld task of the Commission is to set just and reasonable rates based on factual  
9 supporting information. It is unreasonable and unjust to authorize a utility to track a current  
10 amount of an expense against a level of expense that was last analyzed and set in 2018.

11 Q. What base level of property tax expense does Staff recommend the Commission  
12 explicitly identify and approve in this proceeding?

13 A. Staff recommends a base level be set in this present case and explicitly identified  
14 in the Commission's Order. The base level for property tax expense for Evergy Metro on a  
15 Missouri jurisdictional basis is \$66,275,232 and Evergy West is \$50,495,598.

16 Q. What should the Commission know if they approve Evergy's request to begin  
17 deferring property taxes immediately after the effective date of the statute?

18 A. If the Commission approves Evergy's request to begin deferring property  
19 taxes immediately after the effective date of the statute then the Commission will have the  
20 task to identify the exact level of property tax expense that was included in Evergy's  
21 ER-2018-0145 and ER-2018-0146 case dockets and will need to state that amount in their  
22 order in the present case. As previously discussed, Evergy is proposing an estimated base

1 level using the 2018 general rates that includes modifications. Evergy's estimated amount is  
2 a modified version of Staff's property tax amount listed on the EMS runs from the 2018 cases.

3 **TRUE UP**

4 Q. What items did you update through the May 31, 2022 true-up date?

5 A. I trued-up the following items:

- 6 1. Payroll and payroll taxes
- 7 2. Pensions
- 8 3. OPEBs
- 9 4. Rate case expense

10 Q. How did you true-up the items listed?

11 A. I updated payroll, payroll taxes, pensions, and OPEBs to reflect the most recent  
12 known amounts as of May 31, 2022. I formalized Staff's recommendation for rate case expense  
13 based on the most recent known and measurable amounts as of May 31, 2022.

14 Q. What is Staff's recommendation for rate case expense?

15 A. Staff continues to recommend sharing of rate case expense between the  
16 Company and ratepayers. In Staff's direct Staff recommended a 50/50 split of all rate case  
17 expense incurred for this case, including amounts incurred after the true-up cut-off date. Staff's  
18 primary recommendation is to use the actual known and measurable amount of rate case  
19 expense incurred through the true-up cutoff date of May 31, 2022, and a two case average of  
20 the rate case expense incurred post true up from the Company's last two completed rate cases,  
21 that amount split 50/50. Staff also recommends adding 100% of the cost for the depreciation  
22 study and line loss study expenses incurred in this case to the 50% assigned to ratepayers and  
23 normalizing that amount over 4 years.

Surrebuttal/True-Up Direct Testimony of  
Jared Giaccone

The following table represents the previous two case average of the post true up rate case expense amounts:

Docket #	Post True-Up Amount	50/50 Split Amount	Previous 2 Case Average
<b>EVERGY METRO</b>			
ER-2016-0285	\$402,670	\$201,335	\$179,056
ER-2018-0145	\$313,555	\$156,778	
<b>EVERGY WEST</b>			
ER-2016-0156	\$ 13,995	\$ 6,997	\$ 50,984
ER-2018-0146	\$189,940	\$ 94,970	

This table represents Staff’s recommendation of the two case average calculation above and the actual rate case expense incurred in the present case through May 31, 2021:

<b>STAFF’S RECOMMENDATION</b>					
<b>EVERGY METRO</b>					
Rate Case Expense as of 5/31/2021	50/50 Split Amount	100% Recovery of Depreciation Study and Line Loss Study	2 Case Average of Post True Up Amounts from Previous 2 General Rate Cases	Subtotal	Normalized over 4 years
\$ 666,774	\$333,387	\$98,958	\$179,056	\$611,401	\$152,850
<b>EVERGY WEST</b>					
\$1,183,906	\$591,953	\$77,888	\$ 50,984	\$720,825	\$180,206

Q. What is the basis for Staff’s primary recommendation?

A. Staff’s primary recommendation is based on the historical ratemaking concept used in Missouri that uses a test year period, an update period, and a true-up cutoff.

Q. What is the true-up cutoff?

A. The true-up cutoff is used to reflect significant known and measurable revenue and expense items in the revenue requirement as close to the effective date of rates as possible.

The complex cycle of updating revenues and expenses has the potential to continue until the

1 actual effective date of rates except for the fact that the parties to the case agreed to a true-up  
2 cutoff date in the Commission approved procedural schedule in this case.

3 Q. When the Company filed their direct testimony and workpapers in this case,  
4 what amount of rate case expense did they project in their adjustment CS-80?

5 A. Evergy Metro projected rate case expense of \$1,576,628 and Evergy West  
6 projected rate case expense of \$1,677,883. The normalized amount per year using the same  
7 4 year normalization period for Evergy Metro is \$394,157 and for Evergy West it is \$419,471.  
8 If the projected amount of rate case expense can assumed to be correct and split 50/50 the  
9 normalized amount per year using the same 4 year normalization period for Evergy Metro is  
10 \$197,078 and for Evergy West it is \$209,735.

11

<b>COMPANY RATE CASE EXPENSE PROJECTIONS</b>			
<b>METRO</b>			
<b>Total projection</b>	<b>Projection normalized over 4 years without sharing</b>	<b>Projection split 50%</b>	<b>Projection normalized over 4 years</b>
\$1,576,628	\$394,157	\$788,314	\$197,078
<b>WEST</b>			
<b>Total projection</b>	<b>Projection normalized over 4 years without sharing</b>	<b>Projection split 50%</b>	<b>Projection normalized over 4 years</b>
\$1,677,883	\$419,471	\$838,941	\$209,735

12  
13 Q. Is Staff's primary recommendation of rate case expense representative of the  
14 Company's projected amount of rate case expense, assuming the Company's projected amount  
15 should be split 50/50?

16 A. Yes. Staff's primary recommendation shows approximately a \$44,000  
17 difference for Metro and approximately \$30,000 difference for West. However, the Company's  
18 projected amount of rate case expense assumes a fully litigated case and does not account for

1 the potential for some issues or the entire present case to be settled. It is not known and  
2 measurable if this case will be fully litigated or if it will be partially or fully stipulated.

3

<b>Staff recommended level compared to Company projection</b>		
<b>METRO</b>		
<b>Staff's recommended normalized amount</b>	<b>Company Projection (50% sharing portion)</b>	<b>Comparison</b>
\$152,850	\$197,078	77.5%
<b>WEST</b>		
<b>Staff's recommended normalized amount</b>	<b>Company Projection (50% sharing portion)</b>	<b>Comparison</b>
\$180,206	\$209,735	85.9%

4  
5 Q. In Staff's payroll expense included in cost of service, did Staff include in-house  
6 legal counsel and regulatory employees employed by the Company?

7 A. Yes. The approximate annual payroll cost of regulatory and legal employees is  
8 outlined in the table below.

9

<b>Total Cost of Regulatory Affairs Department and Legal</b>	<b>Evergy Metro</b>	<b>Evergy West</b>
Payroll and benefits	** [REDACTED] **	** [REDACTED] **
Payroll allocation	36.38%	14.98%
O&M Rate	63.66%	51.32%
Jurisdictional Allocation (approx.)	53.1692%	99.7242%
Total	** [REDACTED] **	** [REDACTED] **

10  
11 The following table represents the approximate annual payroll cost of Company employees who  
12 have filed testimony in the present cases:

13

<b>Total Cost of In-House Filed Testimony</b>	<b>Evergy Metro</b>	<b>Evergy West</b>
Payroll and benefits	** [REDACTED] **	** \$ [REDACTED] **
Payroll allocation	36.38%	14.98%
O&M Rate	63.66%	51.32%
Jurisdictional Allocation (approx.)	53.1692%	99.7242%
Total	** [REDACTED] **	** [REDACTED] **

1 Q. Is payroll expense shared between ratepayers and shareholders?

2 A. No. Payroll is included in cost of service and paid for solely by ratepayers. In  
3 addition to legal counsel employees of the Company, several Company witnesses are employed  
4 by the Company and their payroll is included in cost of service paid for solely by ratepayers.

5 Q. Are there any other costs removed from the revenue requirement in this case that  
6 would be borne solely by shareholders?

7 A. Yes, there are costs that are borne solely by shareholders. A couple of examples  
8 are the EPS portion of incentive compensation and also political lobbying costs.

9 Q. How does the rate case process benefit ratepayers and shareholders?

10 A. The rate case process allows the Commission to ensure consumers receive safe  
11 and adequate service at just and reasonable rates and allows the Commission to ensure the  
12 utility's shareholders have the opportunity to earn a reasonable return on their investment.

13 Q. Has the Commission acknowledged in any Report and Orders that ratepayers  
14 and shareholders should share rate case expense?

15 A. Yes. The Commission has consistently supported some version of rate case  
16 expense sharing. Aside from any stipulations and agreements where rate case expense was  
17 settled among the parties, the Commission has addressed rate case expense sharing in the  
18 Empire general rate case docket ER-2019-0374 and in the Evergy Metro (formerly KCP&L)  
19 general rate case docket ER-2014-0370.

20 Q. Did the Commission decision from the Report and Order in the Evergy Metro  
21 (formerly KCP&L) ER-2014-0370 case discuss the reasonableness of shareholders sharing a  
22 portion of rate case expense?



1           A.     Yes. The Commission decision beginning on page 70 of the Report and Order  
2 from the ER-2014-0370 case provided a foundation for the reasonableness of shareholders  
3 sharing a portion of rate case expense:

4                     Instead, the Commission will consider whether it is reasonable that  
5                     KCPL shareholders cover a portion of KCPL's rate case expense. In one  
6                     sense, rate case expense is like other common operational expenses that  
7                     a utility must incur to provide utility service to customers. Since  
8                     customers benefit from having just and reasonable rates, it is appropriate  
9                     for customers to bear some portion of the utility's cost of prosecuting a  
10                    rate case.

11                   However, rate case expense is also different from most other types of  
12                   utility operational expenses, in that 1) the rate case process is adversarial  
13                   in nature, with the utility on one side and its customers on the other;  
14                   2) rate case expense produces some direct benefits to shareholders that  
15                   are not shared with customers, such as seeking a higher return on equity;  
16                   3) requiring all rate case expense to be paid by ratepayers provides the  
17                   utility with an inequitable financial advantage over other case  
18                   participants; and 4) full reimbursement of all rate case expense does  
19                   nothing to encourage reasonable levels of cost containment.

20                   The Commission has the legal authority to apportion rate case expense  
21                   between ratepayers and shareholders. Under Missouri law, the  
22                   Commission must set just and reasonable rates, and rates that include all  
23                   of the utility's rate case expense, for the reasons set forth above, may not  
24                   be just and reasonable.

25           Q.     Did the Commission's Report and Order from the Empire electric utility docket  
26 ER-2019-0374 address the 50/50 split of rate case expense?

27           A.     Yes. On page 83 of the Commission's Amended Report and Order from docket  
28 ER-2019-0374 it states:

29                   Therefore, it is just and reasonable that the shareholders and the  
30                   ratepayers, who both benefited from the rate case, share in the rate case  
31                   expense. The Commission finds that in order to set just and reasonable  
32                   rates under the facts in this case, the Commission will require Empire's  
33                   shareholders to cover a portion of Empire's rate case expense. The  
34                   Commission will assign Empire's discretionary rate case expense to both  
35                   ratepayers and shareholders based upon a 50/50 split.

1 Q. Has the Missouri Court of Appeals acknowledged that ratepayers and  
2 shareholders should share rate case expense?

3 A. Yes they have. Evergy Metro (formerly Kansas City Power & Light) appealed  
4 the Commission's rate case expense decision from the ER-2014-0370 rate case to the Missouri  
5 Western District Court of Appeals. In the Missouri Western District Court of Appeals decision  
6 in WD79125 to affirm the Commission's decision, they acknowledged rate case expense  
7 sharing between ratepayers and shareholders.

8 Page 31 of the Western District Court of Appeals Order states:

9 Regarding rate case expenses, the PSC recognized that rate cases are  
10 both beneficial to shareholders of a utility and also utility customers, but  
11 in different ways. Shareholders benefit from the rate case expenses as  
12 the costs are incurred to increase the utility's revenues and profitability.  
13 Customers benefit by having a healthy utility. In this case, the PSC  
14 found that a standard prudence review of each expenditure in the rate  
15 case would not be possible and, even if conducted, would not provide a  
16 strong incentive for KCPL to impose cost controls because the utility  
17 holds all the information needed to identify imprudence. Therefore, the  
18 PSC did not identify any line item expense as explicitly imprudent, but  
19 rather found that the costs incurred by KCPL, as a whole, in pursuing its  
20 litigation strategy that in large part inured to the sole benefit of  
21 shareholders, were imprudent. An expert testified for the Staff of the  
22 PSC that, in similar context, highly discretionary costs that do not benefit  
23 customers, such as charitable donations, political lobbying expenses, and  
24 incentive compensation tied to earnings per share are typically allocated  
25 entirely to shareholders.

26 Q. Has Evergy provided written testimony or evidence in this case to prove their  
27 rate case expenses and litigation strategy was prudent and solely for the benefit of ratepayers?

28 A. No. The Company's testimony claims their rate case expenses and litigation  
29 strategy should be considered prudent unless a party can prove them imprudent. The Company  
30 holds the information that would be needed to identify imprudence. It would be an expensive,  
31 farfetched and exhaustive effort for any party to try and peel away the onion layers of rate case

1 expense and the Company's litigation strategy to determine a level of imprudence that would  
2 ultimately still be subjective. The discovery process would also impact the Company with  
3 added employee time and distracted effort. Rate case expense sharing has consistently been  
4 applied to this Company because of the heightened level of rate case expense they historically  
5 choose to incur. This case is no different.

6 Q. Does Staff offer any alternative recommendations for the Commission  
7 to consider?

8 A. Staff's recommendations in order of preference are:

9 Option 1. Use the actual amount of rate case expense incurred in this  
10 case through the true-up cutoff date of May 31, 2022, and use a two case  
11 average of the rate case expense incurred beyond the true up cutoff  
12 period from the Company's previous two rate cases and add 100% of the  
13 costs for the depreciation study and line loss study to the ratepayer  
14 portion and normalize that total amount over 4 years for the ratepayer  
15 portion.

16 Option 2. Include actual rate case expense in the present cases beyond  
17 the true-up cutoff date to include hearings and case briefs and apply the  
18 50/50 sharing mechanism to the totals, exclusive of the depreciation  
19 study and line loss expenses, which would be added to the 50/50 sharing  
20 amount before normalizing the total amount over four years. The  
21 Commission should know that this alternative creates unnecessary strain  
22 by requiring review of a cost beyond the true-up cutoff date and  
23 complicates the timing of finalizing a revenue requirement by holding  
24 open a single routine expense to the end of the case. In addition to being  
25 a routine expense, the amount of this single expense compared to the  
26 utility's total cost of providing safe and reliable service is immaterial in  
27 nature.

28 Q. Does this conclude your testimony?

29 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 ) Case No. ER-2022-0130  
Authority to Implement a General Rate )  
Increase for Electric Service )

**AFFIDAVIT OF JARED GIACONE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF JACKSON )

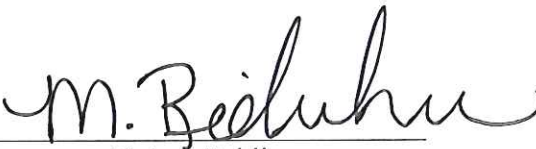
**COMES NOW JARED GIACONE** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal / True-Up Direct Testimony of Jared Giacone*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
**JARED GIACONE**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, mo on this 10<sup>th</sup> day of August 2022.

  
\_\_\_\_\_  
Notary Public



M. RIDENHOUR  
My Commission Expires  
July 22, 2023  
Platte County  
Commission #19803483

**SCHEDULE JG-s1**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**

# Missouri Public Service Commission

## Respond Data Request

<b>Data Request No.</b>	0535
<b>Company Name</b>	Evergy Missouri West-Investor(Electric)
<b>Case/Tracking No.</b>	ER-2022-0130
<b>Date Requested</b>	7/20/2022
<b>Issue</b>	Expense - Taxes - Property Taxes
<b>Requested From</b>	Bradley D Lutz
<b>Requested By</b>	Nicole Mers
<b>Brief Description</b>	Property Tax amount in rates
<b>Description</b>	Please reference the rebuttal testimony of Darrin R. Ives, page 19-20: 1) What is the amount of property tax expense the Company or Witness Ives considers "currently in base rates"? 2) Please explain how the Company or Witness Ives determined the amount of property tax currently in base rates considering the Company's most recently completed general rate proceeding was settled through stipulation and agreements which did not identify an explicit property tax amount that was to be included in rates. 3) Please explain how the Company or Witness Ives determined a property tax amount currently in base rates considering the "General Provisions" of the Non-Unanimous Partial Stipulation and Agreement dated September 19, 2018, including but not limited to paragraph 24 and paragraph 25. DR Requested by Jared Giacone (jared.giacone@psc.mo.gov)
<b>Response</b>	Please see the attached information.
<b>Objections</b>	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **ER-2022-0130** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Evergy Missouri West-Investor(Electric)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Evergy Missouri West-Investor(Electric)** and its employees, contractors, agents or others employed by or acting in its behalf.

<b>Security :</b>	Public
<b>Rationale :</b>	NA



Evergy Missouri West  
Case Name: 2022 Evergy MO West Rate Case  
Case Number: ER-2022-0130

Requestor Giacone Jared -  
Response Provided July 29, 2022

Question:0535

Please reference the rebuttal testimony of Darrin R. Ives, page 19-20: 1) What is the amount of property tax expense the Company or Witness Ives considers “currently in base rates”? 2) Please explain how the Company or Witness Ives determined the amount of property tax currently in base rates considering the Company’s most recently completed general rate proceeding was settled through stipulation and agreements which did not identify an explicit property tax amount that was to be included in rates. 3) Please explain how the Company or Witness Ives determined a property tax amount currently in base rates considering the “General Provisions” of the Non-Unanimous Partial Stipulation and Agreement dated September 19, 2018, including but not limited to paragraph 24 and paragraph 25. DR Requested by Jared Giacone (jared.giacone@psc.mo.gov)

**RESPONSE:** (do not edit or delete this line or anything above this)

**Confidentiality:** PUBLIC

**Statement:** This response is Public. No Confidential Statement is needed.

**Response:**

See response provided to DR 0542 in ER-2022-0129.

**Information provided by:** Aron Branson, Lead Regulatory Analyst

**Attachment(s):**

**ER-2022-0129 / ER-2022-0130  
Schedule JG-s2, Page 2 of 6**



For purposes of estimating what is included in current rates for property tax expense, the company used Staff's allocators but the difference between company and Staff is not much different. See below.

**STAFF:**

MO Metro \$104,066,979 total company, Allocated 53.7835% or \$55,970,864 MO Juris  
MO West-ELEC \$42,810,350 total company, Allocated 98.5189% or \$42,174,457 MO Juris  
(with Error described above) or \$42,176,285 (Error corrected).

**COMPANY:**

MO Metro \$104,201,010 total company, Allocated 53.7835% or \$56,042,950 MO Juris  
MO West \$42,810,350 total company, Allocated 98.5189% or \$42,176,286 MO Juris.

**Information provided by: Aron Branson, Lead Regulatory Analyst**

**Attachment(s):**

**Missouri Verification:**

I have read the Information Request and answer thereto and find answer to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signature /s/ *Brad Lutz*  
Director Regulatory Affairs



## Missouri Public Service Commission

### Respond Data Request

<b>Data Request No.</b>	0542
<b>Company Name</b>	Evergy Missouri Metro-Investor(Electric)
<b>Case/Tracking No.</b>	ER-2022-0129
<b>Date Requested</b>	7/20/2022
<b>Issue</b>	Expense - Taxes - Property Taxes
<b>Requested From</b>	Bradley D Lutz
<b>Requested By</b>	Nicole Mers
<b>Brief Description</b>	Property Tax amount in rates
<b>Description</b>	Data Request Information Please reference the rebuttal testimony of Darrin R. Ives, page 19-20: 1) What is the amount of property tax expense the Company or Witness Ives considers "currently in base rates"? 2) Please explain how the Company or Witness Ives determined the amount of property tax currently in base rates considering the Company's most recently completed general rate proceeding was settled through stipulation and agreements which did not identify an explicit property tax amount that was to be included in rates. 3) Please explain how the Company or Witness Ives determined a property tax amount currently in base rates considering the "General Provisions" of the Non-Unanimous Partial Stipulation and Agreement dated September 19, 2018, including but not limited to paragraph 24 and paragraph 25. DR Requested by Jared Giacone (jared.giacone@psc.mo.gov)
<b>Response</b>	Please see attached response.
<b>Objections</b>	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **ER-2022-0129** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Evergy Missouri Metro-Investor(Electric)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Evergy Missouri Metro-Investor(Electric)** and its employees, contractors, agents or others employed by or acting in its behalf.

<b>Security :</b>	Public
<b>Rationale :</b>	NA



Evergy Missouri Metro  
Case Name: 2022 Evergy MO Metro Rate Case  
Case Number: ER-2022-0129

Requestor Giacone Jared -  
Response Provided July 29, 2022

Question:0542

Data Request Information Please reference the rebuttal testimony of Darrin R. Ives, page 19-20:  
1) What is the amount of property tax expense the Company or Witness Ives considers “currently in base rates”? 2) Please explain how the Company or Witness Ives determined the amount of property tax currently in base rates considering the Company’s most recently completed general rate proceeding was settled through stipulation and agreements which did not identify an explicit property tax amount that was to be included in rates. 3) Please explain how the Company or Witness Ives determined a property tax amount currently in base rates considering the “General Provisions” of the Non-Unanimous Partial Stipulation and Agreement dated September 19, 2018, including but not limited to paragraph 24 and paragraph 25. DR Requested by Jared Giacone (jared.giacone@psc.mo.gov)

**RESPONSE:** (do not edit or delete this line or anything above this)

**Confidentiality:** PUBLIC

**Statement:** This response is Public. No Confidential Statement is needed.

**Response:**

In the 2018 Rate Case, the only difference between Company and Staff for the Property Tax Expense Adjustment and Calculation was the inclusion/exclusion of Clean Charge Network (CCN) plant balance value, the allocator and inadvertent immaterial Staff Error on MO West.

Staff excluded CCN for MO Metro but included CCN for MO West based on review of Staff’s property tax adjustment workpapers. The Company included CCN for both jurisdictions. Given that CCN was allowed in Rate Base under Missouri statutes soon after the True-up and before the S&A in the 2018 rate case, the Company includes CCN in Total Plant at 1/1/18 for purposes of estimating what is included in current rates for property tax expense.

Inadvertent Staff error on MO West. Both Staff and Company had the same property tax adjustment to the Test period expense for MO West but Staff inadvertently did not allocate the adjustment to decrease expense of \$123,450 by the allocator of 98.5189%. The difference was immaterial.

**ER-2022-0129 / ER-2022-0130**  
**Schedule JG-s2, Page 5 of 6**



**Missouri Verification:**

I have read the Information Request and answer thereto and find answer to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signature /s/ *Brad Lutz*  
Director Regulatory Affairs