

Exhibit No. 230

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Allocations
Witness: *Alan J. Bax*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case Nos.: *ER-2022-0129 and*
ER-2022-0130
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

ALAN J. BAX

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
July 2022

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **ALAN J. BAX**

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

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

8 Q. Please state your name and business address?

9 A. Alan J. Bax, P.O. Box 360, Jefferson City, Missouri, 65102.

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

11 A. I am employed by the Missouri Public Service Commission (Commission)

12 as an Associate Engineer in the Energy Analysis Department of the Industry
13 Analysis Division.

14 Q. Are you same Alan J. Bax that previously filed Direct Testimony in
15 these cases?

16 A. Yes.

17 Q. Will your Rebuttal Testimony be applicable to both the general rate case
18 filed by Evergy Missouri Metro (“Evergy Metro”), ER-2022-0129, and the general rate
19 case filed by Evergy Missouri West (“Evergy West”) in ER-2022-0130?

20 A. Although this Rebuttal Testimony will be filed in both general rate cases,
21 the content only applies to Evergy Metro

22 Q. What is the purpose of your Rebuttal Testimony?

23 A. The purpose of this Rebuttal Testimony is to provide an update to my
24 calculated energy allocation factors presented in my Direct Testimony for Evergy Metro.

1 I will also discuss the Direct Testimony filed by Evergy witness John Wolfram regarding
2 jurisdictional allocations; more specifically, his recommendation regarding the
3 determination of demand allocation factors for Evergy Metro reflected in his
4 Direct Testimony.

5 **ENERGY METRO ENERGY ALLOCATION FACTOR REVISIONS**

6 Q. What are your recommended revised energy allocation factors for
7 Evergy Metro?

8 A. I am recommending the Commission adopt the following revised energy
9 allocation factors for Evergy Metro based on kWh usage reported in the test year in this
10 case (July 2020 – June 2021), as adjusted for system energy losses, normal weather,
11 estimated growth, and certain annualizations:

12 EVERGY METRO:

13 Missouri Retail Jurisdiction:	0.5632
14 Kansas Retail Jurisdiction:	0.4352
15 Wholesale Jurisdiction:	0.0016
16 Total:	1.0000

17 The weather adjustment reflected in the calculation was provided by Staff witness
18 Michael L. Stahlman. The growth and certain annulization adjustment were provided by
19 Staff witness Kim Cox.

20 Q. Why were these adjustments not reflected in the calculation of energy
21 allocation factors in your Direct Testimony in these cases?

22 A. I was not provided with this information in time to incorporate these
23 adjustments in the corresponding determination of energy allocation factors in my
24 Direct Testimony.

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1 Q. Which Staff witness will utilize these revised energy allocation factors for
2 Evergy Metro?

3 A. These revised jurisdictional energy allocation factors for Evergy Metro
4 were provided to Staff witness Keith Majors. Mr. Majors will reflect these revised
5 factors in Staff's EMS run during the True-Up portion of this case.

6 **DIRECT TESTIMONY OF EVERGY WITNESS JOHN WOLFRAM**

7 Q. What was the recommendation made by Evergy witness John Wolfram
8 regarding demand allocation factors for Evergy Metro?

9 A. On page 14, lines 15-20, of his Direct Testimony, Mr. Wolfram indicates
10 that because the respective Commissions of the states of Missouri and Kansas have
11 approved demand allocation factors that were derived via different methodologies, an
12 arithmetic average of the differing values should be calculated and utilized by each
13 respective state.

14 Q. Do you agree with Mr. Wolfram's proposal?

15 A. No. Mr. Wolfram indicates that the differing methodologies employed in
16 the two respective states regarding the calculation of the demand allocation factor can
17 lead to Evergy Metro experiencing "irrational results" or "unreasonable outcomes".
18 He suggests that an "arithmetic average" of the differing methodologies be accepted by
19 each state in an effort to reduce the likelihood of such occurrences. However, as
20 explained further below, Mr. Wolfram agrees with the reasoning cited consistently by the
21 Missouri Commission in its determination of demand allocation factors.
22 Therefore, taking an average of the differing methodologies employed in the respective
23 states is not appropriate in addressing Mr. Wolfram's contention.

Rebuttal Testimony
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1 Q. What are the differing methodologies utilized in the respective state
2 jurisdictions identified by Mr. Wolfram?

3 Q. The Missouri Commission has consistently approved the use of
4 a 4 CP methodology, as described in my Direct Testimony, in each corresponding rate
5 case involving Evergy Metro, or its predecessors, dating back to the 1980s. This was the
6 compromise proffered and accepted by both state Commissions at that time.
7 However, the Kansas Commission changed its position to a 12 CP, beginning with an
8 associated rate case in 2006.

9 Q. Did Mr. Wolfram utilize the same FERC tests in his direct testimony as
10 you illustrated in your direct testimony in recommending the Commission continue its
11 consistent approval of adopting a 4 CP methodology in these current rate proceedings?

12 Q. Yes. Beginning on page 11, line 20 and concluding on page 12, line 9,
13 Mr. Wolfram briefly describes the same FERC tests that I more fully illustrated in my
14 direct testimony.

15 Q. What were his results?

16 A. On Page 12, Lines 18 – 20, Mr. Wolfram states, “The test results indicate
17 that using a more seasonal peak determination is more appropriate than using a 12 CP for
18 determining the demand allocator. **This is the case in every scenario for all**
19 **jurisdictions** (emphasis added).” Hence, Mr. Wolfram agrees, as has been the situation
20 in every associated rate case since 2006 in which Evergy Metro or its predecessor hired a
21 consultant, that Evergy Metro or its predecessor is a seasonal peaking utility.

22 Q. What is a seasonal peaking utility?

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1 A. A utility that experiences its monthly peaks in these four summer months
2 is often referred to as a “[Summer] Season Peaking Utility.” A utility that experiences its
3 greatest peaks in one or more of the remaining eight months of a calendar year is
4 referenced as a “[Winter] Season Peaking Utility.” As described in my direct testimony,
5 I recommended the Missouri Commission to continue using a 4 CP allocation
6 methodology based on the peaks Evergy Metro recorded in the four summer months of
7 calendar year 2021 (June, July, August, and September).

8 Q. Mr. Wolfram acknowledges applying the same FERC tests described in
9 your direct testimony in these cases in his analyses of the recorded peaks in each
10 jurisdiction and concluded that the test results were illustrative in utilizing
11 a 4 CP methodology?

12 A. Yes.

13 Q. On Page 13, lines 4-6, Mr. Wolfram acknowledging the results of the
14 FERC tests “...were a strong indicator for appropriate development of the
15 Demand allocator.” Nonetheless, Mr. Wolfram indicates that there are other factors that
16 should be considered, including Evergy’s participation in the Southwest Power Pool
17 Regional Transmission Organization. Ultimately, Mr. Wolfram indicates that electric
18 companies like Evergy that have customers in multiple jurisdictions should use the same
19 methodology in each jurisdiction. For example, on page 17, lines 12-14, Mr. Wolfram
20 identifies that “...Liberty Utilities d/b/a The Empire District Electric Company uses the
21 12 CP allocator to assign capacity costs in both Missouri and in Kansas.” Why has the
22 Missouri Commission consistently adopted a 12 CP methodology concerning
23 Liberty Utilities d/b/a The Empire District Electric Company (“Empire”)?

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1 A. Empire has consistently experienced similar peaks in both winter and
2 summer months. As explained in my direct testimony, the adoption of
3 a 12 CP methodology is appropriate for a utility like Empire that experiences similar
4 monthly peaks in both winter and summer months. The results of these FERC tests
5 being applied to Empire's peaks have consistently underscored the usage of
6 a 12 CP methodology in Empire rate cases.

7 Q. Mr. Wolfram discusses the effects of Winter Storm Uri in February 2021.
8 Did the peaks experienced by Evergy in February 2021 have an effect on the results of
9 the FERC tests you illustrated in your direct testimony?

10 A. No. As illustrated in my direct testimony, the results of the FERC tests
11 applied to the monthly peaks in calendar year 2021 were very strong in that the summer
12 seasonal peaks dominated the winter seasonal peaks as confirmed by Mr. Wolfram.

13 Q. On Page 10 of his direct testimony, Mr. Wolfram claims that the differing
14 methodologies employed by the respective states in determining demand allocation
15 factors resulted in a situation in which Evergy Metro was to provide an amount of
16 revenues back to the states that was in excess of the level of revenues Evergy Metro
17 received as a result of off-system sales it experienced during Winter Storm Uri in
18 February 2021. Would you agree with this assessment?

19 Q. No, not particularly. The Missouri Commission has consistently approved
20 the utilization of the energy allocation factor as the appropriate method to distribute
21 revenues experienced from off-system sales in all rate cases dating to the 1980s.
22 In contrast, the state of Kansas has utilized several approaches in association with its rate
23 cases over the years, which includes a novel approach called an unused energy allocator.

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1 Each of these differing approaches approved by the Kansas Commission in allocating
2 revenues experienced from off-system sales has included some component of demand in
3 its calculation. However, Mr. Wolfram's conclusion that the situation he describes on
4 Page 10 of his direct testimony regarding the revenues Evergy Metro experienced during
5 Winter Storm URI resulted from the differing demand allocation factors employed by
6 each state is not correct. For a further explanation of this topic, please see the Rebuttal
7 Testimony of Staff witness Keith Majors.

8 Q. Does this conclude your Rebuttal Testimony?

9 A. Yes, it does.

