

# Exhibit No. 274P

MoPSC Staff – Exhibit 274P  
Matthew R. Young  
Surrebuttal & True-up Direct Testimony  
File Nos. ER-2022-0129 & ER-2022-0130

*Exhibit No.:*

*Issue(s): Prospective Tracking,  
Income Tax Matters,  
Kansas City Earnings Tax,  
Fuel Expense and Prices,  
Uplight*

*Witness: Matthew R. Young*

*Sponsoring Party: MoPSC Staff*

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

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

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**MISSOURI PUBLIC SERVICE COMMISSION**

**FINANCIAL AND BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**SURREBUTTAL AND TRUE-UP DIRECT TESTIMONY**

**OF**

**MATTHEW R. YOUNG**

**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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1 **SURREBUTTAL AND TRUE-UP DIRECT TESTIMONY**

2 **OF**

3 **MATTHEW R. YOUNG**

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 for the record.

9 A. My name is Matthew R. Young.

10 Q. Are you the same Matthew R. Young that filed direct testimony in these  
11 proceedings on June 8, 2022?

12 A. Yes.

13 **EXECUTIVE SUMMARY**

14 Q. What is the purpose of your surrebuttal and true-up direct testimonies?

15 A. My surrebuttal will provide further support for Staff’s adjustments on  
16 prospective tracking, income tax matters, and Kansas City Earnings Tax (“KCET”). I will  
17 address the various portions of the rebuttal testimonies of The Office of the Public Counsel’s  
18 (“Public Counsel”) witness John Riley as well as Evergy Missouri Metro’s (“EMM”) and  
19 Evergy Missouri West’s (“EMW”) witnesses Linda J. Nunn and Melissa K. Hardesty.

20 My true-up direct testimony will identify Staff adjustments that were revised with data  
21 through May 31, 2022, and I also describe changes to Staff’s methodology for fuel expense and  
22 fuel (gas) prices in its true-up revenue requirement. Additionally, I will also provide multiple  
23 reasons in support of Staff’s recommendation that the Commission should not include the cost  
24 of Uplight software in its ordered revenue requirements for EMM and EMW.

**SURREBUTTAL TESTIMONY**

**PROSPECTIVE TRACKING ADJUSTMENT**

1  
2  
3 Q. What is prospective tracking?

4 A. In the prior rate cases, Case Nos. ER-2018-0145 and ER-2018-0146  
5 (“2018 Rate Cases”), the parties agreed that amortization of the assets and liabilities listed in  
6 Exhibit A of the *Non-unanimous Partial Stipulation and Agreement* will be tracked so that the  
7 utility is allowed to fully recover deferred costs, or fully return deferred benefits, from  
8 customers, but no more and no less than the amounts deferred. Amortization of each asset is  
9 tracked through a certain date to measure the over or under recovery of various deferred costs.

10 Q. What are the differences between Staff’s, EMM’s, and EMW’s prospective  
11 tracking adjustments?

12 A. There are two primary differences between Staff, EMM, and EMW’s  
13 adjustments. The first relates to the point in time that was chosen to measure the over/under  
14 recovery. The second difference relates to the use of the aggregate prospective tracking  
15 liability<sup>1</sup> to establish a storm reserve. Staff witness Karen Lyons presents Staff’s  
16 recommendation on using the prospective tracking liability to fund the storm reserve in her  
17 discussion of the storm reserve issue.

18 Q. Focusing on the timing difference, how does the point in time Staff used to  
19 measure over/under amortizations differ from EMM and EMW?

20 A. Staff measured the balances of over/under amortizations at the May 31, 2022  
21 true-up date while EMM’s and EMW’s adjustment tracked amortizations through  
22 November 30, 2022.

---

<sup>1</sup> Staff and Evergy consolidated the various over/under recovery balances into one new balance. In the current rate cases, the consolidation produced an overall over-recovery (liability).

1 Q. Why did EMM and EMW track through November 2022?

2 A. On page 15 of the rebuttal testimony of Linda J. Nunn, she states: “Including  
3 balances to November will allow for a return to customers on a timelier basis, and will greatly  
4 simplify the accounting necessary for this extensive list of prospectively tracked assets and  
5 liabilities.”

6 Q. Is there a potential problem with including balances as of the end of November?

7 A. Yes. EMM’s and EMW’s adjustments assume rates from this case will  
8 be implemented in early December 2022.<sup>2</sup> Staff chose to stop tracking amortizations at  
9 May 31, 2022 because the actual implementation of rates is not known at this time. If rates are  
10 based on the assumption of December 2022 implementation of new rates but the operation of  
11 law date is actually in November 2022, then attempts at simplification are lost. For  
12 simplification to occur, the assumptions made about the implementation of rates must hold true  
13 because the prospective tracking adjustment is heavily dependent on timing.

14 **INCOME TAXES**

15 Q. What are the issues on income taxes?

16 A. There are three income tax matters I will address here. First, as described in the  
17 rebuttal testimony of John S. Riley, Public Counsel recommends reducing income tax expense  
18 to recognize General Business Credits (“GBC”). Second, the rebuttal testimony of EMM’s and  
19 EMW’s witness Melissa K. Hardesty argues against Public Counsel’s direct testimony on  
20 reducing rate base by the balance of unused GBCs. The last income tax issue I will address is  
21 Public Counsel’s recommendations on how to incorporate tax losses reported on Evergy’s IRS  
22 Form 4797 into rates into the revenue requirement.

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<sup>2</sup> Nunn rebuttal, page 15.

Surrebuttal and True-Up Direct Testimony of  
Matthew R. Young

1 Q. Let's start with the GBCs. What is a general business credit?

2 A. "General Business Credits" is a term used to cover multiple types of tax breaks  
3 available under the IRS Form 3800 (reference Schedule JSR-r-01 c).

4 Q. Page 3 of Mr. Riley's rebuttal testimony outlines his belief that Staff has not  
5 applied GBCs, particularly the GBC for Production Tax Credits ("PTC"), in general rate cases.  
6 Do you agree?

7 A. No. Mr. Riley is mistaken. Staff's accounting schedules have included tax  
8 credits that fall under the GBC umbrella during Evergy's modern<sup>3</sup> rate case activity. Staff  
9 accounting schedules filed in Kansas City Power & Light's Rate Case No. ER-2006-0314  
10 valued the wind production tax credit in excess of \$10 million. Additionally, the PTC has been  
11 included in Staff's accounting schedules in all of Evergy's rate cases since that time.

12 Q. Then why do Staff's accounting schedules not include a PTC in the current  
13 rate cases?

14 A. Staff's accounting schedules do not reduce income tax expense for a PTC in  
15 order to reflect Evergy's current cost of service. The last tax year Evergy was eligible to claim  
16 a PTC was 2020. Evergy has verbally confirmed to Staff that Evergy will not be able to claim  
17 any similar PTCs in the current tax year. Accordingly, Public Counsel's recommendation to  
18 reduce income tax expense for credits that cannot be claimed is not appropriate for ratemaking.

19 Q. Regarding Evergy's rebuttal testimony on how GBCs should, or should not,  
20 affect rate base, what is Staff's opinion?

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<sup>3</sup> Prior to Case No. ER-2006-0314, the most recent rate case filed by EMM's predecessors was dated 1985.

Surrebuttal and True-Up Direct Testimony of  
Matthew R. Young

1           A.       Generally, Staff agrees with the rebuttal testimony of Evergy and recommends  
2 that the balance of unused GBCs should not affect rate base because Staff has consistently  
3 applied the “flow-through method” to unprotected<sup>4</sup> GBCs to calculate Evergy’s cost of service.

4           Q.       What is the flow through method?

5           A.       The flow through method provides ratepayers the cash benefit of tax deductions  
6 and credits through the reduction to base rates. Since the flow-through method provides  
7 ratepayers a concurrent tax benefit of the tax credits through base rates, there is not a timing  
8 difference between the cash savings realized by the utility claiming the tax benefit and the cash  
9 savings ratepayers realize through reduced base rates. As such, there should not be an add or  
10 deduct to rate base to recognize a timing difference driven by when the credits are actually used  
11 in tax returns.

12          Q.       Turning to the matter of losses reported on Form 4797, can you summarize the  
13 Public Counsel’s rebuttal testimony?

14          A.       Yes. In Public Counsel’s direct testimony, Mr. Riley recommended offsetting  
15 the balance of net operating losses in rate base with tax losses claimed on IRS Form 4797. In  
16 his rebuttal testimony, Mr. Riley pivoted his position from using 4797 losses to offset net  
17 operating losses to offsetting the Sibley AAO balance in rate base.

18          Q.       What is Staff’s position?

19          A.       Staff’s witness Keith Majors will address Mr. Riley’s rebuttal testimony  
20 regarding the Sibley AAO in his surrebuttal testimony.

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<sup>4</sup> Unprotected GBCs are defined as tax credits that are not under the jurisdiction of the Internal Revenue Service’s normalization requirements.



**KANSAS CITY EARNINGS TAX**

1  
2 Q. Please describe the issue.

3 A. In its direct case, Staff recommended including Kansas City earnings tax in  
4 the cost of service based off of the most recent known and measurable tax payments.  
5 Melissa K. Hardesty's rebuttal testimony explains EMM's and EMW's position: "The  
6 Company believes that the amount of Kansas City earnings tax included in this case be  
7 computed in a similar manner for both companies and should reflect the amount will be due in  
8 the period when rates are set."<sup>5</sup>

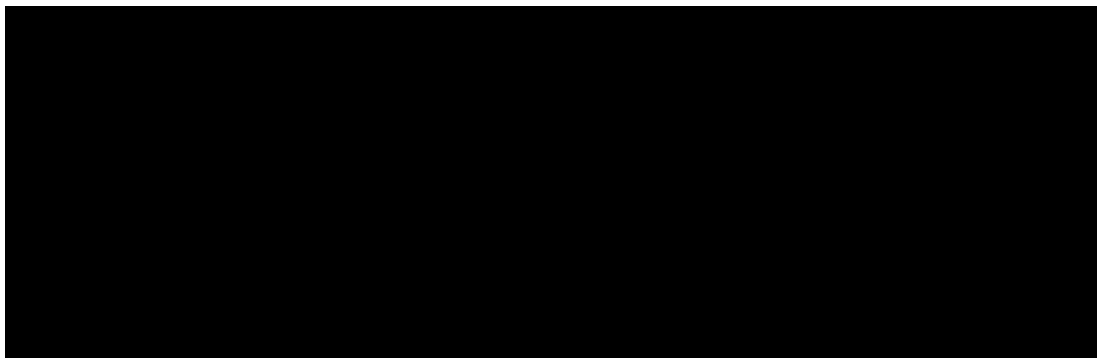
9 Q. Did the Company compute KCET in a similar manner for EMM and EMW?

10 A. No. In its direct case, EMM recommends using an estimated 2021 KCET to set  
11 rates while EMW includes the test year cost in its revenue requirement model.

12 Q. How much has EMM and EMW recently paid for KCET?

13 A. The KCET liabilities over the most recent three tax years are as follows:

14 \*\*



15 \*\*

16 Q. How much KCET did Staff include in its revenue requirements?

17 A. For EMM, Staff included a three-year average tax liability and for EMW, Staff  
18 included the last-known tax payment.  
19

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<sup>5</sup> Hardesty rebuttal, page 6.

Surrebuttal and True-Up Direct Testimony of  
Matthew R. Young

1 Q. How did Evergy respond to Staff's recommended level of KCET?

2 A. In her rebuttal testimony, Ms. Hardesty believes that Staff, "...appears to pick  
3 the lowest number possible and include that amount in [its] schedules."<sup>6</sup>

4 Q. Is it true that Staff picked the lowest number possible?

5 A. No. Past tax payments show that the KCET for EMM has fluctuated over the  
6 past three years while EMW's KCET shows an increasing expense. Normalizing varying  
7 amounts and annualizing trending amounts is elementary ratemaking theory.

8 Q. What is Ms. Hardesty's recommendation for KCET?

9 A. Ms. Hardesty's testimony is that, "...the estimated 2021 earnings tax expense  
10 (excluding any prior year true up expense) reflects a more accurate earnings tax expense and  
11 should be the amounts included in this case."<sup>7</sup>

12 Q. Are rates typically set in Missouri based on estimated costs?

13 A. No. Another basic element of ratemaking theory in Missouri is that unless it  
14 can be demonstrated otherwise, historical (actual) known and measurable costs are more  
15 reliable than estimated amounts to calculate the going-forward cost of service. By nature, an  
16 estimation is not known and prone to a margin of error.

17 Q. Did Ms. Hardesty explain why the Commission should find an estimate to be  
18 more appropriate than actual costs?

19 A. No. Beyond an assertion that her estimated KCET is an accurate predictor of  
20 going-forward costs, she offers no actual reasoned explanation for why her estimate is more  
21 accurate as a predictor than the known historical costs.

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<sup>6</sup> Hardesty rebuttal, page 6.

<sup>7</sup> Hardesty rebuttal, page 6.

1 Q. How much does EMM and EMW recommend charging customers for KCET?

2 A. In its direct filing, EMM and EMW support the estimated 2021 tax liability of  
3 \*\* [REDACTED] \*\*, respectively, for KCET. These amounts are the estimated tax  
4 payments but will not be known until the 2021 tax returns are finalized in October 2022.

5 **TRUE-UP DIRECT TESTIMONY**

6 Q. Please identify the true-up adjustments you are sponsoring.

7 A. In Staff's true-up revenue requirements, I sponsor the true-up of plant and  
8 reserve, intangible plant amortization, fuel prices, fuel expense, fuel inventory, income tax  
9 expense, accumulated income taxes, deferred demand side management opt-out costs, and the  
10 capital costs of Uplight software.

11 Q. Do any of these items reflect a change in methodology from Staff's direct case  
12 or are new adjustments to EMM's and EMW's cost of service?

13 A. Yes. Staff is modifying its methodology for fuel expense and fuel prices. Also  
14 Staff is supporting a new adjustment for Uplight software. The adjustments and support for the  
15 adjustments are presented in the testimony below.

16 **FUEL EXPENSE**

17 Q. What testimony was filed regarding fuel expense?

18 A. The rebuttal testimony of Jessica L. Tucker addresses the topic of fuel  
19 expense. More specifically, Ms. Tucker recommends updating the values for a) fuel residuals<sup>8</sup>  
20 and b) fuel handling (account 501.5xx) for the true-up period.

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<sup>8</sup> Fuel residuals are byproducts of burning coal, e.g. ash and slag. Residuals expenses are the costs to manage the byproducts.

1 Q. What is Staff's response to adjusting fuel residuals to reflect the 12 months  
2 ended at the true-up?

3 A. As explained in Ms. Tucker's rebuttal testimony, EMM has 2022 contracts in  
4 place to handle fuel residuals, particularly coal ash produced at the Hawthorn station. Staff  
5 agrees that annualizing fuel residual expenses based on the 12-months ended May 31, 2022 will  
6 be more reflective of ongoing costs. Staff's fuel expense adjustment will be revised to do such.

7 Q. What is Ms. Tucker's testimony regarding fuel handling expense?

8 A. Ms. Tucker explains that the test year cost is artificially low due to a one-time  
9 adjustment related to the Sibley rate deferral.

10 Q. What is Staff's response to adjusting fuel handling costs to reflect the 12 months  
11 ended at the true-up?

12 A. Staff verified that EMW's test year cost is abnormally low compared to the  
13 expenses booked to that account in prior years and in prior rate cases. Since the test year cost  
14 does not reflect going-forward costs, Staff adjusted the amount of fuel handling expense to  
15 reflect the 12 months ended May 31, 2022 in its true-up revenue requirement. The fuel handling  
16 expense through the true-up date will be more reflective of going forward costs.

17 **FUEL PRICES**

18 Q. Did EMM and EMW provide testimony on the topic of Fuel Prices?

19 A. Yes. The rebuttal testimony of Ms. Tucker articulates how EMM and EMW are  
20 evaluating their recommendations for the price of natural gas.

21 Q. What was EMM's and EMW's position in their direct testimony?

Surrebuttal and True-Up Direct Testimony of  
Matthew R. Young

1           A.     In their direct testimonies, EMM’s and EMW’s prices for natural gas were based  
2 upon a three-year average of forecasted gas prices for 2022 – 2024. EMM and EMW intended  
3 to replace the forecasted price of gas with actual costs in its true-up case.<sup>9</sup>

4           Q.     What are EMM and EMW now considering?

5           A.     EMM and EMW are now considering setting their true-up revenue requirements  
6 using forecasted gas prices instead of actual costs.

7           Q.     Why would EMM and EMW change their methodology?

8           A.     EMM and EMW are concerned that actual gas prices at the true-up date are  
9 elevated, and do not represent the gas prices EMM and EMW will incur going forward.  
10 Because current gas prices are elevated, Ms. Tucker’s rebuttal testimony encourages Staff to  
11 consider an alternate approach to natural gas pricing.

12          Q.     Does Staff recommend using forecasted gas prices to set rates?

13          A.     No. Staff is hesitant to use forecasted costs because forecasts can be just as  
14 unrepresentative as abnormal costs. Forecasts for gas and oil are heavily based on assumptions  
15 that attempt to measure the impact of a smorgasbord of events and situations, some, none, or  
16 all of which may happen. Instead, Staff prefers using what has happened—the actual costs for  
17 fuel to set fuel prices. Actual costs reflect the cost of fuel in the markets EMM and EMW  
18 participate in.

19          Q.     Does Staff agree that fuel costs are elevated at the true-up date?

20          A.     Yes. Coal and natural gas fuel prices during the first half of 2022 have materially  
21 increased compared to historical experience.

22          Q.     What is Staff’s recommendation in its true-up case for all fuel prices?

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<sup>9</sup> Tucker rebuttal, page 3.



1 In response to Staff Data Request No. 0443, EMM and EMW described the business purpose  
2 of the transaction as:

3 The contract between Evergy and Uplight is a 6.5-years in duration  
4 with significant customer-facing applications, business operational  
5 efficiencies and environment architecture upgrades included. In the first  
6 two years of the agreement, Evergy will add Uplight Connect, a  
7 mezzanine software layer enabling quicker more agile process to update  
8 customer-facing interfaces, enhanced security and enabling quicker  
9 third-party software integration. In addition, in the first two years, the  
10 Uplight project will create a more robust online presence through  
11 implementation of an online marketplace, customer portal widgets and  
12 other customer-facing applications from the Uplight suite of products.  
13 The toolsets include customer communications and education related to  
14 energy usage, energy savings and optimizing rates such as [Time of Use].

15 Q. How much did Staff include in its direct revenue requirement that is related to  
16 the Uplight transaction?

17 A. Staff did not include the cost of Uplight in its direct revenue requirement.

18 Q. Why not?

19 A. Staff's direct revenue requirement was based on capital investments through  
20 December 31, 2021. Evergy stated that the Uplight Online Marketplace and Connect was  
21 declared in-service on April 28, 2022,<sup>10</sup> and was booked to plant-in-service at that time. As  
22 such, Staff's direct case did not include costs for Uplight, and the true-up revenue requirement  
23 will be the first opportunity to reflect the Uplight transaction.

24 Q. Does Evergy describe how the Uplight transaction supports the provision of  
25 electric service?

---

<sup>10</sup> Staff Data Request No. 0443.

1 A. The rebuttal testimony of Mr. Caisley summarizes Evergy's evaluation of  
2 Uplight's products as:

3 In short, Evergy determined that the long-term product strategy of  
4 Uplight was unique in the industry and aligned with Evergy's enhanced  
5 customer experience strategy and ability to reduce costs. Uplight  
6 redefines how customer-facing solutions interact with our CIS, enabling  
7 the rapid deployment of a more secure, comprehensive and integrated set  
8 of best-in-class customer solutions while the ability to capitalize the  
9 software at a lower overall cost to Evergy customers.

10 Q. Has EMM and EMW supported the assertions in Mr. Caisley's summary?

11 A. No. Mr. Caisley's testimony above uses empty buzzwords<sup>11</sup> to link Uplight with  
12 improved customer experience, increased security, and cost control. But Staff finds EMM and  
13 EMW have been unable to justify those assertions with specifics or examples.

14 Q. What Uplight services has Evergy identified as being provided to current  
15 customers?

16 A. Evergy asserted that two Uplight services, the Uplight online marketplace and  
17 Uplight Connect, went into service on April 28, 2022.<sup>12</sup>

18 Q. What is the portion of the Uplight transaction that is referred to as an online  
19 marketplace?

20 A. In response to Staff Data Request 0472, Evergy stated:

21 Evergy currently offers rebated and non-rebated products on our online  
22 marketplace for Missouri customers. The products that are offered with  
23 a MEEIA rebate include LEDs<sup>13</sup>, water savings devices (such as low  
24 flow showerheads and faucet aerators), and multiple types of smart  
25 power strips. The non-rebated products include additional water saving  
26 devices and other smart home products, such as Google Nest doorbells  
27 and hubs, indoor cameras and Wi-fi routers, and a carbon monoxide and  
28 natural gas smart alarm.

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<sup>11</sup> E.g., "enhanced customer experience strategy; customer-facing solutions"; "secure, comprehensive and integrated set of best-in-class customer solutions."

<sup>12</sup> Staff Data Request No. 0443.

<sup>13</sup> LEDs is an acronym for Light Emitting Devices.



1 Q. What is the cost of this portion of the Uplight transaction?

2 A. Staff has not been able to quantify the cost of the online marketplace.  
3 However, Staff's interpretation of Evergy's response to Staff Data Request No. 0472.1  
4 indicates that beyond \*\* [REDACTED]  
5 [REDACTED] \*\*. Therefore, Staff believes that only a small portion of the total  
6 Uplight transaction is related to the Uplight online marketplace.

7 Q. How much has Evergy paid to date for Uplight software and services?

8 A. As of May 31, 2022, Evergy has recorded approximately \*\* [REDACTED] \*\* of  
9 plant in service for Uplight software.

10 Q. Does the current online marketplace create an opportunity and incentive for  
11 customers to become more energy efficient through rebates?

12 A. No, there is not a clear customer benefit for customers to use marketplace.

13 Q. What support do you have for that assertion?

14 A. To find the benefits of marketplace, Staff evaluated the products available for  
15 EMM and EMW customers to purchase in the marketplace. One featured product is a  
16 shower faucet that is designed to conserve water, particularly hot water. On the marketplace  
17 tied to EMM, the full price of the faucet is \$64 but is reduced to \$56 after an instant rebate.  
18 Staff found that the same model of showerhead is available for customers in EMM's footprint  
19 for \$60 through HomeDepot.com.<sup>14</sup> Screenshots of the online offerings are included in  
20 Schedule MRY-s1.

21 Q. Is it not a customer benefit to get the showerhead for \$4 cheaper through  
22 Uplight's marketplace?

---

<sup>14</sup> Prices as of July 20, 2022.

1           A.     It is for the purchaser but not for the general body of ratepayers. After  
2 consideration is made for the return of and return on Uplight's services, the benefits of  
3 offering this shower faucet through Uplight's services becomes less straight-forward. Staff  
4 presumes the \$8 instant rebate, plus any incentives, will be charged to EMM's customers via  
5 the DSIM surcharge. Evergy is requesting to recover the full cost of the rebates in addition  
6 to the capital costs of Uplight's services, which by itself is not persuasively a benefit to the  
7 general body of ratepayers.

8           Q.     What is the other "in-service" portion of the Uplight transaction;  
9 Uplight Connect?

10          A.     The response to Staff Data Request 0443, quoted above stated Uplight Connect  
11 will provide a quicker more agile process to update customer-facing interfaces, enhanced  
12 security and enable quicker third-party software integration. Staff Data Request 0472 requested  
13 further definition regarding the mezzanine structure of Uplight Connect. In a portion of its  
14 response, Evergy stated:

15                   Connect will reduce point-to-point data integrations and maintain many  
16                   data connections to a single Uplight integration and connection.  
17                   Therefore, with Connect, we anticipate update and maintenance issues  
18                   will be reduced.

19          Q.     What customer-facing interfaces, data connections, and systems are currently  
20 serviced by Uplight Connect?

21          A.     Evergy has not provided any detail of Connect's functionality besides declaring  
22 that it is in-service and it is not applicable to operations outside of Missouri.<sup>15</sup>

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<sup>15</sup> Klote rebuttal, page 26.

1 Q. How has Evergy, particularly EMM, been able to implement Uplight Connect is  
2 such a way that it is only available for Missouri customers?

3 A. Evergy has not met its burden. It has simply not explained how Uplight Connect  
4 manages Evergy's systems, interfaces, and applications but is only applicable to Missouri  
5 customers. Evergy promotes Uplight Connect by explaining that it is intended to streamline the  
6 operation and maintenance of existing applications and software, but Staff notes that EMM has  
7 operations in Missouri and Kansas. Further, EMM's operations rely on common software  
8 systems to provide electric service.

9 Q. Are you able to demonstrate that EMM's software is common to Missouri and  
10 Kansas operations?

11 A. Yes. In EMM's direct case, the Company allocated 54% of its intangible  
12 plant (primarily software) to Missouri which means that 46% of its intangible plant is  
13 allocated to other jurisdictions, primarily Kansas.

14 Q. Why is intangible plant allocated instead of directly assigned to a jurisdiction?

15 A. Generally speaking, when a cost can be identified with a cost driver it is  
16 directly assigned for cost recovery. However, when a cost cannot be tied to a specific cost  
17 driver or when there are multiple drivers, the cost needs to be allocated. The latter is the case  
18 with EMM's intangible plant. Since the common capital costs are common to multiple  
19 jurisdictions it must be allocated. Evergy's claim that Uplight Connect provides a single point  
20 of contact for many of the existing systems, but the only systems connected to Uplight are for  
21 Missouri, doesn't follow its general software plant allocations.

22 Q. Does EMM's direct case allocate any intangible plant exclusively to Missouri?

Surrebuttal and True-Up Direct Testimony of  
Matthew R. Young

1           A.     EMM’s direct case allocates the “MEEIA-Uplight” capital costs as 100%  
2 Missouri. However, no other software account has a 100% Missouri allocator.

3           Q.     If EMM doesn’t own any software assets that are exclusively used in Missouri,  
4 and Uplight Connect serves as a mezzanine for EMM’s software, how can Uplight Connect be  
5 100% Missouri Jurisdictional?

6           A.     Evergy has not supported its assertion that the Uplight transaction is  
7 100% Missouri jurisdictional. Evergy’s asserts that Uplight Connect connects its current  
8 software systems so either Uplight Connect is applicable to Evergy’s Kansas jurisdictions or  
9 Uplight Connect is not in service. It is more plausible that if Connect is connected to Evergy’s  
10 systems, it is functional in *all* of Evergy’s business units.

11          Q.     Setting aside the inconsistency in Evergy’s argument, is it equitable for  
12 Missouri customers to pay for 100% of Evergy’s capital investment in Uplight?

13          A.     Not at all. Evergy stated that part of the Uplight transaction is for the  
14 online marketplace, and the Company is recommending that the Commission approve  
15 charging Missouri ratepayers for full recovery of, and a return on, the cost of the  
16 Uplight transaction. However, as Evergy admits,<sup>16</sup> it fully intends to charge the cost of  
17 Uplight’s online marketplace to Kansas customers in the future. Such a scenario would  
18 guarantee a windfall for Evergy’s shareholders through the regulatory lag embedded in  
19 multi-jurisdictional ratemaking. The windfall would represent amounts recovered from Kansas  
20 and Missouri customers in excess of the total investment.

21          Q.     How does Evergy intend to spread the use of Uplight’s services to  
22 Kansas customers in the future?

---

<sup>16</sup> Staff Data Request No. 0443.

1           A.     Evergy Metro – Kansas (“EMK”) has a current docket<sup>17</sup> open before  
2 the Kansas Corporation Commission (“KCC”) to establish demand side management  
3 programs, and cost recovery of those programs, under the Kansas Energy Efficiency Investment  
4 Act (“KEEIA”). The programs and cost recovery under the KEEIA is very similar to  
5 Missouri’s current Demand Side Investment Mechanism (“DSIM”). EMK incorporates  
6 the Uplight online marketplace into its proposal before the KCC. The KCC is scheduled to  
7 issue an Order on EMK’s KEEIA application on October 21, 2022.

8           Q.     Please summarize your testimony on the Uplight transaction.

9           A.     Evergy claims that the Uplight transaction created two services, Connect and the  
10 online marketplace, that went into service in April 2022. However, Evergy has been unable to  
11 explain how Connect functions or show how marketplace is a service ratepayers should be  
12 charged for. Since Evergy has not shown that the Uplight transaction represents a used and  
13 useful asset, the Commission should not approve cost recovery in this rate case.

14           If the Commission is persuaded by Evergy’s arguments, the Commission should not  
15 place the cost burden of the Uplight transaction only on Missouri customers. Instead the  
16 Commission should order the cost of Uplight to be spread across all of Evergy’s business units.

17           Q.     Does this conclude your testimony?

18           A.     Yes it does.

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<sup>17</sup> Docket No. 22-EKME-254-TAR.

**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 MATTHEW R. YOUNG**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF JACKSON )

COMES NOW MATTHEW R. YOUNG 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 Matthew R. Young*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
MATTHEW R. YOUNG

**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 11<sup>th</sup> day of August 2022.

  
Notary Public



M. RIDENHOUR  
My Commission Expires  
July 22, 2023  
Plateau County  
Commission #19603483

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