

Exhibit No.: _____
Issue(s): Administrative Costs/
Implementation Contractor Expenses/
Business Demand Response
Witness/Type of Exhibit: Payne/Direct
Sponsoring Party: Public Counsel
Case No.: EO-2023-0407 & EO-2023-0408

DIRECT TESTIMONY
OF
MANZELL PAYNE

Submitted on Behalf of the Office of the Public Counsel

EVERGY METRO, INC. D/B/A
EVERGY MISSOURI METRO
AND
EVERGY MISSOURI WEST, INC. D/B/A
EVERGY MISSOURI WEST

CASE NO. EO-2023-0407 & EO-2023-0408

February 27, 2024

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DIRECT TESTIMONY

OF

MANZELL M PAYNE

**EVERGY METRO, INC., D/B/A EVERGY MISSOURI METRO and
EVERGY MISSOURI WEST, INC., D/B/A EVERGY MISSOURI WEST
CASE NOS. EO-2023-0407 and EO-2023-0408**

1 **Q. Please state your name, title, and business address.**

2 A. Manzell Payne, Utility Regulatory Auditor, Office of the Public Counsel (“OPC” or “Public
3 Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

4 **Q. What are your qualifications and experience?**

5 A. Please refer to Schedule MMP-D-1 attached hereto.

6 **Q. Have you testified previously before the Missouri Public Service Commission?**

7 A. Yes, I have previously testified before the Missouri Public Service Commission
8 (“Commission”). Please refer to schedule MMP-D-2 attached hereto for a list of cases in
9 which I have testified.

10 **Q. What was the purpose of your review in this matter?**

11 A. The purpose of my review in this matter is to give my recommendations for the prudence
12 review that is required by Commission Rule 20 CSR 4240-20.093(11).

13 **Q. What standard does the Staff of the Commission (“Staff”) employ when evaluating
14 prudence for this type of case?**

15 A. Staff describes its standard for evaluating prudency as:

16 In evaluating prudence, Staff reviews whether a reasonable person making the
17 same decision would find both the information the decision-maker relied on
18 and the process the decision-maker employed to be reasonable based on the
19 circumstances and information known at the time the decision was made, i.e.,
20 without the benefit of hindsight. If either the information relied upon or the
21 decision-making process employed was imprudent, then Staff examines
22 whether the imprudent decision caused any harm to ratepayers. Only if an
23 imprudent decision resulted in harm to ratepayers, will Staff recommend a
24 disallowance. However, if an imprudent decision did not result in harm to
25 Evergy Missouri Metro’s [or Evergy Missouri West’s] customers, then Staff

1 may further evaluate the decision-making process, and may recommend
2 changes to the company’s business practice going forward.¹

3 **Q. Do you follow this same standard when evaluating prudence?**

4 A. Yes.

5 **Q. What is the purpose of your direct testimony?**

6 A. The purpose of my direct testimony is to recommend two ordered adjustments (“OA”) for
7 Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and three OAs
8 for Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) for
9 the review period at issue: April 1, 2021 through March 31, 2023 (the “Review Period”).

10 I recommend an OA for costs associated with administrative costs and implementation
11 contractors for both Evergy Missouri Metro and Evergy Missouri West.

12 I also recommend an OA to account for tariff violations by Evergy Missouri West during the
13 Review Period.

14 **ADMINISTRATIVE COSTS**

15 **Q. Please define “administrative costs” for the purpose of this testimony.**

16 A. I define and use the term “administrative costs” to mean all costs other than incentives. This
17 is the same definition given to the term in Staff’s Report.²

18 **Q. Has the Commission ruled on what administrative costs are recoverable through
19 MEEIA programs?**

20 A. Yes. The Commission has established a “but for” standard regarding administrative costs.
21 Specifically, the Commission established in Case No. EO-2020-0227 that:

22 Evergy shall only seek recovery of costs associated with conferences and
23 memberships through DSIM rates if those costs would not be incurred *but for*
24 the Company’s offering of MEEIA programs. Evergy shall provide Staff

¹ Page 5 of the “Second Prudence Review of Cycle 3 Costs” Staff Report – File No. EO-2023-0407 and EO-2028-0408.

² Page 13 of the “Second Prudence Review of Cycle 3 Costs” Staff Report – File No. EO-2023-0407 and EO-2028-0408.

1 justification to support its claim that these costs would not be incurred but for
2 the Company's offering of MEEIA programs.³

3 **Q. Have you reviewed the administrative costs that Evergy Missouri Metro and Evergy**
4 **Missouri West seek to recover for this Review Period?**

5 A. Yes.

6 **Q. What do you conclude as a result of your review?**

7 A. Both Evergy Missouri Metro and Evergy Missouri West included costs that should not be
8 recoverable through future DSIM filings because they were either not for MEEIA specifically
9 or were not justified. These costs include items such as gift boxes, travel expenses, generic
10 Evergy logo t-shirt costs, and lost receipts that are not MEEIA specific. Please see the tables
11 below for a break down of these costs⁴:

³ Non-Unanimous Stipulation and Agreement, page 3 (emphasis added).

⁴ Page 15 of the "Second Prudence Review of Cycle 3 Costs" Staff Report – File No. EO-2023-0407 and EO-2028-0408.

1

Evergy Missouri Metro:

Costs	Month(s)	Reason for Disallowance	Disallowed Cost
Brian File, Yardhouse	May-22	Employee Recognition is not MEEIA Related	\$ 162.17
MES Sponsorship	Jul-22	Sponsorships not necessary in additional to membership	\$ 3,000.00
Elizabeth Ruder - IPROMOTEU.COM INC	Apr-21	Gift boxes sent to potential businesses to participate in BDR. Allowed \$575.53 for the letter explaining the costs benefits, but the remaining amount was excessive and used generic Evergy Logo.	\$ 25,558.18
Christopher DeLaTorre - KC Business Journal	May-21	Should be charged as a General Expense, Not MEEIA specific	\$ 140.00
Elizabeth Ruder - Grapevine Designs, KC	Jul-01	Message on Shirts too general-not related directly to MEEIA	\$ 133.33
Elizabeth Ruder - IPROMOTEU.COM INC	Sep-21	Message on Shirts too general-not related directly to MEEIA	\$ 486.77
Elizabeth Ruder - IPROMOTEU.COM INC	Oct-21	Message on Shirts too general-not related directly to MEEIA	\$ 299.50
Elizabeth Ruder - IPROMOTEU.COM INC	Jan-22	Message on Shirts too general-not related directly to MEEIA	\$ 343.21
Brian File - Flowers By Emily	Jan-22	Sympathy Flowers should not be charged to customers.	\$ 97.87
Elizabeth Ruder - IPROMOTEU.COM INC	Mar-22	Message on Shirts too general-not related directly to MEEIA	\$ 465.32
Elizabeth Ruder - IPROMOTEU.COM INC	Apr-22	Message on Shirts too general-not related directly to MEEIA	\$ 323.36
Natalie Gray - Bridging the Gap	Sep-22	Cannot verify what portion of the invoices are travel	\$ 17,548.00
Kevin Brannan - BURNS & MCDONNELL ENGINEERING CO INC	Oct-22	Lost receipt	\$ 126.27
Natalie Gray - Bridging the Gap	Nov-22	Cannot verify what portion of the invoices are travel	\$ 21,996.50
Total			\$ 70,680.48

2

3

Evergy Missouri West:

Costs	Month(s)	Reason for Disallowance	Disallowed Cost
St. Joseph Construction Assn.	Feb 21 - Nov 21	No justification provided per Stipulation	\$ 428.50
MES Sponsorship	Jul-22	Sponsorships not necessary in additional to membership	\$ 3,000.00
Natalie Gray-YARDHOUSE	Dec-21	No justification for off-site meeting and expenses over meeting in office	\$ 68.05
Davidson Promotional	Dec-21	No reference to MEEIA-To General	\$ 768.75
Total			\$ 4,265.30

4

5 **Q. Do you have a recommendation?**

6 A. I recommend that the Commission order an OA in the amount of \$70,680.48 plus interest for
 7 Evergy Missouri Metro and \$4,265.30 plus interest for Evergy Missouri West to be applied
 8 in the next DSIM filing for both companies.

1 **Q. Does your recommendation align with Staff’s recommendation in its Report?**

2 A. Yes. Based on my review, I have reached the same conclusion Staff reached in its Report and
3 I make the same recommendation.

4 **IMPLEMENTATION CONTRACTOR EXPENSES**

5 **Q. Please define incentives for the purpose of this testimony.**

6 A. Incentives are program costs for direct and indirect incentive payments to encourage customer
7 and/or retail partner participation in programs and the costs of measures that are provided at
8 no cost as part of a program. Staff uses this same definition of incentives in its Report.⁵

9 **Q. Did you apply the standard for prudence when evaluating the implementation
10 contractor expenses in this prudence review?**

11 A. Yes. When reviewing the implementation contractor expenses for this Review Period, I used
12 the prudence standard specified above.

13 **Q. Have you reviewed the implementation contractors’ expenses that Evergy Missouri
14 Metro and Evergy Missouri West seek to recover for this Review Period?**

15 A. Yes.

16 **Q. What is your conclusion based on your review?**

17 A. Both Evergy Missouri Metro and Evergy Missouri West included costs that should not be
18 recoverable through future DSIM filings because they are either not for MEEIA specifically
19 or were not justified. These costs can harm Every Missouri Metro and Evergy Missouri
20 West’s customers as they have no specific relation to MEEIA, yet they increase MEEIA costs.
21 These costs include items such as gifts, Evergy logo t-shirt costs, and promotional items with
22 no detail or justification, all of which are not MEEIA specific. Please see the tables below for
23 a break down of costs⁶:

⁵ Page 13 of the “Second Prudence Review of Cycle 3 Costs” Staff Report – File No. EO-2023-0407.

⁶ Page 18 of the “Second Prudence Review of Cycle 3 Costs” Staff Report – File No. EO-2023-0407 and EO-2028-0408.

1

Every Missouri Metro:

JE/Inv/Voucher #	IC/Vendor	GL Month(s)	Reason for Disallowance	Disallowed Cost	G&A Cost	Total Disall
1727936	4Imprint	10/21	No detail on promotional items	\$ 569.11	\$ 100.85	\$ 669.96
1742563	Vectra Visual	01/22	Message on Shirts too general-not related directly to MEEIA	\$ 151.47	\$ 26.84	\$ 178.31
1743766	Vectra Visual	02/22	Message on Shirts too general-not related directly to MEEIA	\$ 172.80	\$ 30.62	\$ 203.42
1748669	Taylor Visutal	03/22	Message on Shirts too general-not related directly to MEEIA	\$ 126.68	\$ 22.45	\$ 149.13
1764316	Taylor Visutal	06/22	Message on Shirts too general-not related directly to MEEIA	\$ 109.05	\$ 19.32	\$ 128.37
1784716	Zazzle	10/22	Need more information on the message promoted	\$ 63.12	\$ 11.18	\$ 74.30
1796289	Monogram Lounge-Dep	10/22 &	Shareholders should pay for events and alcohol	\$ 1,074.87	\$ 190.47	\$ 1,265.34
	Monogram Lounge-Bal	12/22	Shareholders should pay for events and alcohol	\$ 1,415.91	\$ 250.90	\$ 1,666.81
1796289	J. Rieger & Co.	12/22	Shareholders should pay for events and alcohol	\$ 612.96	\$ 108.62	\$ 721.58
1800584	Visa Way to Go	12/22	Customers should not have to pay for a trade ally mistake.	\$ 9.98	\$ 1.77	\$ 11.75
1800481	CST Sweets	12/22	Customers should not have to pay for thank you gifts.	\$ 1,257.38	\$ 222.81	\$ 1,480.19
Total				\$ 5,563.33	\$ 985.82	\$ 6,549.15

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1

Evergy Missouri West:

JE/Inv/Voucher #	IC/Vendor	GL Month(s)	Reason for Disallowance	Disallowed Cost	G&A Cost	Total Disall
1727936	4imprint	Oct-21	No detail on promotional items	\$ 641.76	\$ 113.72	\$ 755.48
1742563	Vectra Visual	Jan-22	Message on Shirts too general-not related directly to MEEIA	\$ 164.10	\$ 29.08	\$ 193.18
1743766	Vectra Visual	Feb-22	Message on Shirts too general-not related directly to MEEIA	\$ 194.87	\$ 34.53	\$ 229.40
1748669	Taylor Visual	Mar-22	Message on Shirts too general-not related directly to MEEIA	\$ 137.24	\$ 24.32	\$ 161.56
1764316	Taylor Visual	Jun-22	Message on Shirts too general-not related directly to MEEIA	\$ 118.14	\$ 20.93	\$ 139.07
1784716	Zazzle	Oct-22	Need more information on the message promoted	\$ 71.17	\$ 12.61	\$ 83.78
1796289	Monogram Lounge	Oct 22 &	Shareholders should pay for events and alcohol	\$ 1,612.31	\$ 285.70	\$ 1,898.01
1796289	Monogram Lounge	Dec-22	Shareholders should pay for events and alcohol	\$ 2,123.86	\$ 376.35	\$ 2,500.21
1796289	J. Rieger & Co.	Dec-22	Shareholders should pay for events and alcohol	\$ 919.45	\$ 162.93	\$ 1,082.38
1800584	Visa Way to Go	Dec-22	Customers should not have to pay for a trade ally mistake.	\$ 14.96	\$ 2.65	\$ 17.61
1800481	CST Sweets	Dec-22	Customers should not have to pay for thank you gifts.	\$ 1,886.07	\$ 334.21	\$ 2,220.28
1796289	4imprint	Dec-22	Need more information on the promotional items	\$ 3,262.17	\$ 578.06	\$ 3,840.23
Total				\$ 11,146.10	\$ 1,975.09	\$ 13,121.19

2

3 **Q. Do you have a recommendation?**

4 A. I recommend that the Commission order an OA in the amount of \$6,549.15 plus interest for
 5 Evergy Missouri Metro and \$13,121.19 plus interest for Evergy Missouri West to be applied
 6 in the next DSIM filing for both companies.

7 **Q. Does your recommendation align with Staff’s recommendation in its Report?**

8 A. Yes. Based on my review, I have reached the same conclusion Staff reached in its Report and
 9 I make the same recommendation.

10 **BUSINESS DEMAND RESPONSE**

11 **Q. What is the business demand response program for Evergy Missouri West?**

12 A. Evergy Missouri West’s Business Demand Response Program (“BDR”) compensates
 13 commercial customers who reduce, or curtail, their electric load during high-demand days.
 14 Participants work with Evergy Missouri West to identify electric load that can be eliminated
 15 or shifted during curtailment events, which are typically during the hottest days of the
 16 summer. Evergy Missouri West and the participant work together to determine which
 17 strategies are best for the unique participant’s needs and create a curtailment plan. When
 18 curtailment events are anticipated, Evergy Missouri West will notify the customer with

1 instructions to execute their plan. At the end of the curtailment season, Evergy Missouri West
2 pays the customer for the load reduced.⁷

3 **Q. Is the BDR Program part of Evergy Missouri West’s MEEIA Program?**

4 A. Yes.

5 **Q. What does Evergy Missouri West’s Special Rate for Incremental Load (“Schedule SIL”)**
6 **Tariff Sheet No. 157 state?**

7 A. Evergy Missouri West’s SIL tariff sheet states:

8 Service under this tariff may not be combined with service under an Economic
9 Development Rider, an Economic Redevelopment Rider, the Renewable
10 Energy Rider, Community Solar program, service as a Special Contract, or be
11 eligible for participation in programs offered pursuant to the Missouri Energy
12 Efficiency Investment Act (MEEIA), or for participation in programs related
13 to demand response or off-peak discounts, unless otherwise ordered by the
14 Commission when approving a contract for service under this tariff.⁸

15 **Q. To clarify, Evergy Missouri West’s SIL tariff sheet prohibits customers who take service**
16 **under the SIL tariff sheet from participating in certain other programs?**

17 A. Yes. Though I am not a lawyer, my understanding is that the SIL tariff sheet prohibits those
18 who take service under that tariff sheet from participating in certain other programs, including
19 the MEEIA programs and demand response programs, unless the Commission orders
20 otherwise when it approves that participant’s contract for service under the SIL tariff sheet.

21 **Q. During the Review Period, did any of Evergy Missouri West’s customers participate in**
22 **both the MEEIA BDR Program and take service under the SIL tariff sheet?**

23 A. Yes. In response to Staff Data Response No. 0031, attached as Schedule MMP-D-3, Evergy
24 Missouri West admitted that Nucor participated in both the MEEIA BDR Program and took
25 service under the SIL tariff at the same time.

26 **Q. What did Evergy Missouri West specifically state in its response to Staff Data Request**
27 **No. 0031?**

28 A. Evergy Missouri West stated:

⁷ Page 21 of the “Second Prudence Review of Cycle 3 Costs” Staff Report – File No. EO-2028- 0408.

⁸ MO PSC No. 1, Original Sheet No. 157, Special Rate for Incremental Load Service, Schedule SIL.

1 Nucor has been taking service under the Special Rate for Incremental Load
2 Service (SIL) tariff in 2019 and also participated in MEEIA Business Demand
3 Response (BDR) starting in 2020. After review of both the SIL tariff and the
4 BDR Program tariff, it appears the customer is eligible for both individually
5 but not both tariffs at the same time per the language cited in the data request.
6 The customer has been removed from the MEEIA BDR program effective in
7 September 2023.⁹

8 **Q. What do you conclude from Evergy Missouri West’s response to Staff’s Data Request**
9 **No. 0031?**

10 A. After reviewing Evergy Missouri West’s response, I have concluded that Evergy Missouri
11 West violated the language of its SIL tariff sheet by allowing Nucor to participate in both the
12 MEEIA BDR Program and to take service under the SIL tariff. In doing so, Nucor received
13 additional incentives. These additional incentives increased costs to non-Nucor customers
14 over what they would have been if Nucor was not participating in both programs. Evergy
15 Missouri West acted imprudently in allowing Nucor to participate in both tariffs when such
16 participation is explicitly forbidden by the SIL tariff.

17 **Q. Has Evergy Missouri West removed Nucor from participating in either the MEEIA**
18 **BDR Program or from taking service under the SIL tariff sheet?**

19 A. Yes, based on Evergy Missouri West’s response to Staff’s Data Request No. 0031, it has
20 removed Nucor from the MEEIA BDR program effective in September 2023. However, non-
21 Nucor customers have been harmed by Evergy Missouri West having paid Nucor additional
22 incentives that it should not have received.

23 **Q. Do you have a recommendation?**

24 A. I recommend that the Commission order an OA in the amount of \$1,170,224.13 plus
25 \$6,040.05 in interest for Evergy Missouri West’s next DSIM filing.¹⁰ This OA recognizes the
26 amount provided by Evergy Missouri West to Nucor, as recognized in its response to Staff
27 Data Request No. 0032, attached as Schedule MMP-D-4 (Confidential).

⁹ Evergy Missouri West Response to Staff Data Request No. 0031, attached as Schedule MMP-D-3.

¹⁰ Page 23 of the “Second Prudence Review of Cycle 3 Costs” Staff Report – File No. EO-2028- 0408.

1 **Q. Do any other reasons justify imposing the OA to account for Nucor’s participation in**
2 **both the MEEIA BDR Program and taking service under the SIL tariff sheet?**

3 A. Yes. This OA is necessary to recognize the importance of Every Missouri West’s tariff.
4 Should the Commission not impose this OA, it ultimately sends a message that tariffs do not
5 matter and that going against the language of the tariff can be done without any consequences
6 to the utility. Allowing utilities to violate their tariff harms Missouri rate payers who rely on
7 tariffs to govern utilities’ conduct.

8 **Q. Does your recommendation align with Staff’s recommendation in its Report?**

9 A. Yes. Based on my review, I have reached the same conclusion Staff reached in its Report and
10 I make the same recommendation.

11 **Q. Does this conclude your direct testimony?**

12 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Second Prudence Review of)
the Missouri Energy Efficiency Investment Act)
(MEEIA) Cycle 3 Energy Efficiency Programs of)
Evergy Metro, Inc. d/b/a Evergy Missouri Metro)

Case No. EO-2023-0407

In the Matter of the Second Prudence Review of)
the Missouri Energy Efficiency Investment Act)
(MEEIA) Cycle 3 Energy Efficiency Programs of)
Evergy Missouri West, Inc. d/b/a Evergy Missouri
West)

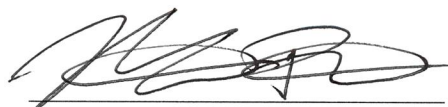
Case No. EO-2023-0408

AFFIDAVIT OF MANZELL PAYNE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Manzell Payne, of lawful age and being first duly sworn, deposes and states:

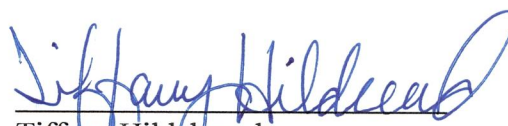
1. My name is Manzell Payne. I am a Utility Regulatory Auditor for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.



Manzell Payne
Utility Regulatory Auditor

Subscribed and sworn to me this 26th day of February 2024.

TIFFANY HILDEBRAND
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES AUGUST 8, 2027
COLE COUNTY
COMMISSION #15637121



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2027.