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Witness: Brian A. File
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Sponsoring Party: Evergy Missouri Metro and Evergy
Missouri West
Case No.: EO-2023-0407 / 0408
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: EO-2023-0407 / 0408

DIRECT TESTIMONY

OF

BRIAN A. FILE

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

**Kansas City, Missouri
February 2024**

DIRECT TESTIMONY

OF

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Case Nos. EO-2023-0407 / 0408

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

2 A: My name is Brian A. File. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy Metro, Inc. and serve as Director, Demand-Side Management,
6 Energy Efficiency for Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri
7 Metro) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri
8 West”).

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

10 A: I am testifying on behalf of Evergy Missouri Metro (“MO Metro”) and Evergy Missouri
11 West (“MO West”) (collectively referred to as “Company” or “Evergy”).

12 **Q: What are your responsibilities?**

13 A: My responsibilities include leading the demand-side management group (including energy
14 efficiency and demand response) at Evergy for all jurisdictions. This function includes the
15 Commission approved Missouri Energy Efficiency Investment Act (“MEEIA”) programs.
16 Additionally, I have responsibility for a team focused on customer renewable energy and
17 storage programs.

1 **Q: Please describe your education, experience and employment history.**

2 A: I earned a Bachelor of Science degree in Chemical Engineering from the University of
3 Kansas and a Master of Business Administration from the University of Missouri-Kansas
4 City. Prior to Evergy, I worked in the petrochemical industry with Chevron Phillips
5 Chemical Company in marketing and technical field sales roles. I have been employed at
6 Evergy (and formerly KCP&L) since 2007 in roles varying from product management, key
7 account relationships and economic development. I have held responsibility over the
8 demand-side management team since 2013.

9 **Q: Have you previously testified in a proceeding before the Missouri Public Service
10 Commission (“Commission” or “MPSC”) or before any other utility regulatory
11 agency?**

12 A: Yes, I provided written testimony before the MPSC and the Corporation Commission for
13 the State of Kansas (“KCC”).

14 **Q: What is the purpose of your testimony?**

15 A: The purpose of my testimony is to address concerns from the MPSC Staff (“Staff”) final
16 reports of Evergy’s MEEIA prudence audit for the period of April 1, 2021 to March 31,
17 2023 for both MO West and MO Metro.

18 **Q: Please summarize your response to the prudence review.**

19 A: With adjustments as described below, the costs incurred were prudent and appropriate to
20 deliver Evergy’s MEEIA demand-side management (“DSM”) programs. My testimony
21 will detail how the administrative program expenses and expenses for implementation
22 contractors were relevant and appropriate for furthering Evergy’s deployment of MEEIA
23 programs. I do note that few administrative expenses, while prudent, should be re-

1 classified to non-MEEIA general expenses. Additionally, I demonstrate that the Business
 2 Demand Response program expenses disallowed by Staff created significantly more
 3 benefits than costs for all customers and should be allowed.

4 The table below outlines the proposed disallowances from Staff, costs that Evergy
 5 acknowledges it will re-classify as recommended by Staff, and those remaining contested
 6 expenses under specific dispute in this prudence review.

Categories	Staff Disallowances		Expenses to be Re-classified by Evergy		Net Contested Disallowances	
	MO West	MO Metro	MO West	MO Metro	MO West	MO Metro
Administrative Program Expenses	\$4,265.30	\$70,680.48	\$496.55	\$526.31	\$3,768.75	\$70,154.17
Implementation Contractor Expenses	\$13,121.19	\$6,549.15	\$ -	\$ -	\$13,121.19	\$6,549.15
Business Demand Response	\$1,176,264.18	\$ -	\$ -	\$ -	\$1,176,264.18	\$ -
Total	\$1,193,650.67	\$77,229.63	\$496.55	\$526.31	\$1,193,154.12	\$76,703.32

7
 8 **Q: How is your testimony structured?**

9 A: My testimony is arranged into three parts:

- 10 ▪ Part 1: Response to disallowances for Administrative Program Expenses
- 11 ▪ Part 2: Response to disallowances for Implementer Contract Expenses
- 12 ▪ Part 3: Response to disallowances for the Business Demand Response
- 13 program in MO West

1 **PART 1: Administrative Program Expenses**

2 **Q: Please state your understanding of Staff’s disallowances related to Administrative**
3 **Program Expenses.**

4 A: Staff identified \$4,265.30 and \$70,680.48 of Administrative Program Expenses that it
5 recommended to be disallowed in MO West and MO Metro jurisdictions, respectively.
6 Staff’s reasons for these disallowances can be found in their report and center around
7 support for invoices and alignment with the EO-2020-0227 Stipulation to only include
8 expenses that would have not otherwise happened without MEEIA.

9 **Q: How does the Company respond to these disallowances related to Administrative**
10 **Program Expenses?**

11 A: The large majority of Administrative Program Expenses identified by Staff were relevant
12 and appropriate for furthering the Company’s deployment of MEEIA programs. However,
13 there are a few minor expenses that the Company agrees to re-classify as recommended by
14 Staff.

15 **Q: What are the specific expenses and reasons why you believe the Administrative**
16 **Program Expenses were relevant and prudent to recover through MEEIA?**

17 A: The specific expenses Staff highlighted in this category that Evergy is contesting fall into
18 four broad categories:

- 19 ▪ Sponsorship of energy efficiency (“EE”) related organization event
- 20 ▪ Wearable items for the demand response (“DR”) program with Evergy logo
- 21 ▪ Evergy logo shirts for MEEIA personnel
- 22 ▪ Specific vendor invoice detail

1 **Q: Why is a sponsorship of an EE-related organization relevant to MEEIA?**

2 A: Evergy supports organizations across our territory, and in this case, this organization
3 provides resources and guidance as to the best approaches to deliver EE programs to
4 Midwestern utility customers. Evergy would not participate with this organization if it
5 were not for MEEIA. In this case, the organization sponsorship also provides access for
6 Evergy employees who are responsible for advancing MEEIA programs with Evergy's
7 customers to attend the largest annual conference on EE in the Midwest. Topics and
8 concepts are presented and discussed with EE market actors including utilities, government
9 agencies, contractors and policy makers.

10 **Q: How are the wearable items with the Evergy logo, as highlighted by Staff in its Report,**
11 **aligned with the Stipulation intent?**

12 A: Staff has issue with the Evergy branded materials, specifically shirts, that Evergy
13 purchased for professionals to wear while they are interacting with customers to discuss
14 MEEIA programs and the creation of promotional MEEIA material. Both activities are
15 important to achieve MEEIA program participation. These items help customers feel
16 confident in the personnel who are interacting with them that they are a credible
17 representative of Evergy to deliver the MEEIA programs while they are at their residence
18 or business. The shirt is one of the first visible signs that the person is representing Evergy.
19 This customer confidence benefit tied with the fact that these personnel would not
20 otherwise be interacting with the customer without MEEIA programs to promote is why
21 these costs should be considered prudent.

1 **Q: What costs did Staff propose were not detailed enough that should be disallowed?**

2 A: The Company disputes the disallowance of costs of two contractor invoices from Bridging
3 the Gap that Staff felt it couldn't determine prudence.

4 **Q: Why does the Company dispute these disallowances?**

5 A: Bridging the Gap has been a contractor for MO Metro for multiple years and charge a fixed
6 rate per hour for generating interest, supporting project development and managing
7 business energy efficiency rebate applications. Staff had access to the agreement with
8 Bridging the Gap and would have seen the scope of their work and invoicing approach.

9 **Q: What are the amounts of the expenses that Evergy agrees to re-classify to non-MEEIA
10 expenses?**

11 A: There are a handful of expenses that the Company agrees with Staff that can be re-classified
12 to non-MEEIA expenses. The totals for the re-classification are \$496.55 and \$526.31 for
13 MO West and MO Metro, respectively. The expenses were for and by MEEIA specific
14 employees, but the expenses could be viewed as supporting more general activity, such as
15 employee support and training. Therefore, Evergy agrees to re-classify these expenses as
16 non-MEEIA expenses.

17 **PART 2: Implementer Contract Expenses**

18 **Q: Please state your understanding of Staff's disallowances related to Implementation
19 Contractor Expenses.**

20 A: Staff identified \$13,121.19 and \$6,549.15 of implementation contractor expenses that it
21 recommended to be disallowed in MO West and MO Metro jurisdictions, respectively.

22 Staff's reasons for these disallowances can be found in their report and center
23 around alignment with the EO-2020-0227 Stipulation to only include expenses that would

1 have not otherwise happened without MEEIA, including Evergy promotional materials.
2 Staff also identifies an event and contractor gifts that were included in the proposed
3 disallowance that Staff proposes to re-allocate to shareholders.

4 **Q: How does the Company respond to these disallowances related to Implementation**
5 **Contractor Expenses?**

6 A: All of the implementation contractor expenses identified by Staff were relevant and
7 appropriate for furthering Evergy's deployment of MEEIA programs.

8 **Q: How are events and contractor giveaways relevant and prudent in MEEIA expenses?**

9 A: Over the years, Evergy has built a strong, HVAC and energy-related contractor network to
10 support the deployment of MEEIA programs. These contractors are essential to bringing
11 higher energy efficient equipment to customers at their decision point. Annually, Evergy
12 hosts an event for the contractor network to thank them for their involvement, celebrate top
13 performers and share learnings for upcoming activity, including program changes or
14 enhancements. These events would not be conducted without MEEIA programs; therefore,
15 they are highly relevant and important to the success of the MEEIA programs.

16 **Q: Do the promotional materials (specifically shirts) in this expense category follow a**
17 **similar pattern as those described previously in this testimony?**

18 A: Yes, the promotional materials, specifically shirts for MEEIA personnel, in this category
19 would follow the same relevance and prudence from my prior answer.

1 **PART 3: Business Demand Response**

2 **Q: Please state your understanding of Staff’s disallowances related to Business Demand**
3 **Response.**

4 A: Staff recommended imprudence and disallowance for incentive costs paid directly to
5 Nucor, a Business Demand Response participant during the two years of its participation -
6 2021 and 2022. The Staff noted that Nucor participated in both the Business Demand
7 Response program and the Special Incremental Load (“SIL”) tariff concurrently. The SIL
8 tariff includes a restriction in participating in MEEIA and/or demand response programs
9 without Commission approval. The total recommended disallowance from Staff’s report
10 is \$1,176,264.18 (which includes interest) for Evergy MO West.

11 **Q: How does MO West respond to these proposed disallowances related to Business**
12 **Demand Response?**

13 A: MO West disagrees with Staff’s proposed disallowance and will demonstrate that all
14 customers benefited from Nucor’s participation in the Business Demand Response
15 program.

16 **Q: Why does MO West disagree with Staff’s proposed disallowance for the Business**
17 **Demand Response program?**

18 A: First, Staff included Nucor’s two large locations, Sedalia and Maryville, in its disallowance
19 for participation in the Business Demand Response program. However, Staff did not
20 acknowledge that the two sites are on two different and distinct tariffs. The Sedalia site is
21 on the SIL tariff that restricts MEEIA participation. The Maryville site is not on the SIL
22 tariff and has no MEEIA participation restrictions. The Maryville site participated in
23 Business Demand Response and received incentives of \$32,444.13 over the 2-year review

1 period. Therefore, this amount should not have been included in their proposed
2 disallowance. Correcting for this oversight, Staff's contested amount contested for the
3 Business Demand Response program should be revised to \$1,137,780 plus interest.

4 **Q: Does MO West believe that the Nucor Sedalia site, which has a Commission approved**
5 **contract on the SIL tariff, should have been allowed to participate the Business**
6 **Demand Response program?**

7 A: As MO West noted in its response to data request #0031 in this case, it recognizes there is
8 a conflict between the Nucor SIL contract approved by the Commission and the SIL tariff
9 eligibility for participating in the Business Demand Response Program.

10 **Q: What did MO West do when it was determined there was a conflict between the SIL**
11 **contract and Nucor's Sedalia site participating in the Business Demand Response**
12 **program?**

13 A: MO West removed Nucor's Sedalia site from the Business Demand Response program
14 until the contract conflict could be resolved with the MPSC.

15 **Q: If MO West removed the customer from the Business Demand Response program in**
16 **recognizing the tariff conflict, why do you believe the costs should be allowed?**

17 A: The simple answer is that no customers, participating or non-participating, were harmed
18 by Nucor's Sedalia site's participation in the Business Demand Response program. In fact,
19 all MO West customers benefited from the peak demand reduction supplied by Nucor
20 during the summers of 2021 and 2022 far more than the program costs paid to Nucor
21 through MEEIA. The Company's position is also consistent with p. 5, lines 1-7 of Staff's
22 Report where Staff cited the prudence standard it used in this case:

23 Staff reviews whether a reasonable person making the same decision
24 would find both the information the decision-maker relied on and the

1 process the decision-maker employed to be reasonable based on the
2 circumstances and information known at the time the decision was made,
3 i.e., without the benefit of hindsight. If either the information relied upon
4 or the decision-making process employed was imprudent, then Staff
5 examines whether the imprudent decision caused any harm to ratepayers.
6 Only if an imprudent decision resulted in harm to ratepayers, will Staff
7 propose a disallowance.

8 As shown in my testimony, since there was no harm to ratepayers that resulted from
9 Nucor's Sedalia site participating in the Business Demand Response program, there is no
10 basis for Staff's disallowance.

11 **Q: Can you please quantify the benefits that were provided to all customers from the**
12 **Nucor Sedalia site's participation in the Business Demand Response program?**

13 A: Yes. The avoided capacity cost benefits to all MO West customers calculated for Nucor's
14 Sedalia site participation is \$2,555,754. This is 2.2 times greater than the costs of incentives
15 paid related to this site's participation. It should be noted that this does not include potential
16 additional benefits related to transmission and distribution avoided capacity costs across
17 Evergy's system.

18 **Q: How was this amount determined?**

19 A: The benefits to all MO West customers from the Nucor Sedalia site's peak demand
20 reduction from participating in the Business Demand Response program can be calculated
21 with a simple formula of its measured and verified peak demand (kW) reduction times the
22 avoided capacity cost. The peak demand reduction for each year was measured and
23 verified by a third-party evaluation contractor with oversight from Staff's auditor and filed
24 with the Commission. The avoided capacity costs used in the calculation are those that

1 were approved by the MPSC in MO West’s MEEIA Cycle 3 original case for program year
 2 2 and program year 3.

3 The calculation specific to the Nucor Sedalia site is shown in the table below.

	Verified Net kW Demand Reduction	Avoided Capacity Cost (\$/kW-yr)	Avoided Capacity Value	Incentive Costs	Benefit/ Cost Ratio
2021	18,907.1	\$66.54	\$1,258,078	\$567,000	
2022	19,025.0	\$68.21	\$1,297,695	\$ 570,780	
Total			\$2,555,774	\$1,137,780	2.246

4
 5 **Q: How do the avoided cost benefits correlate with the tests that the MPSC uses when**
 6 **evaluating the cost effectiveness of programs?**

7 A: The benefit cost ratio above most similarly represents the Program Administrator Cost Test
 8 (“PACT”) (or sometimes called the Utility Cost Test (“UCT”)), though it would be slightly
 9 different based on inclusion of program administrator costs. Of the five standard benefit
 10 cost tests, per MEEIA statute, the Total Resource Cost (“TRC”) Test is the standard most
 11 used to evaluate cost effectiveness. In the case of the TRC test, the benefits would remain
 12 the same, but the costs would only include the program administrator costs. The PACT
 13 and TRC ratios for the Business Demand Response program for MO West in 2021 and
 14 2022 in the final evaluation, measurement and verification (“EMV”) report, the ratios were
 15 as follows:

	MO West Business Demand Response Program	
	TRC	PACT/UCT
2022	2.47	1.17
2021	2.45	1.21

1 **Q: How large was the Nucor Sedalia site's participation (in terms of demand reduction**
2 **or kW) in the Business Demand Response program relative to other participants?**

3 A: Nucor was the largest Business Demand Response participant in 2021 and 2022 for MO
4 West accounting for approximately 37% of total demand reduction (18.9 MW out of 51.1
5 MW) in 2021.

6 **Q: Even if more benefits were created from Nucor Sedalia site's participation, didn't**
7 **MO West err in allowing Nucor to participate in the MEEIA Business Demand**
8 **Response program while under the SIL contract and tariff?**

9 A: It was not until MO West received Staff's data request 0031 that it realized there was a
10 potential conflict between a customer participating in the SIL tariff with their current
11 contract and the MEEIA Business Demand Response program. As a result of this
12 oversight, Evergy has instituted a new Business Demand Response program contract flow
13 process that will include a check-point to confirm if the customer is on a special contract
14 or special rate prior to executing the Business Demand Response program agreement. The
15 special contract or special rate (SIL tariff in this case) will then be reviewed for any
16 conflict. Additionally, any customer special contracts will be stored in an accessible,
17 centralized location for Energy Solutions personnel, who are responsible for recruiting
18 participation in the Business Demand Response program.

19 **Q: Is MO West requesting the MPSC to allow Nucor to participate in the Business**
20 **Demand Response program?**

21 A: Yes. This customer's participation creates benefits for all customers, as calculated and
22 provided for in my testimony. Additionally, Company witness Brad Lutz's testimony
23 demonstrates that this customer is covering its incremental cost under the SIL tariff. Based

1 on these analyses, MO West believes that Nucor's Sedalia site provided value to all
2 customers by participating in the Business Demand Response program and believes that
3 future participation would result in the same relative benefits.

4 **Q: If the MPSC permits Nucor to participate in the Business Demand Response program**
5 **in this docket, will MO West request a change to Nucor's SIL tariff contract for the**
6 **MPSC to approve?**

7 A: We will work with Nucor to adjust the SIL contract and expect to present it back to the
8 Commission for approval.

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

10 A: Yes, it does.

