

Exhibit No.:
Issue: SIL
Witness: Bradley D. Lutz
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro and Evergy
Missouri West
Case No.: EO-2023-0407 / 0408
Date Testimony Prepared: February 27, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: EO-2023-0407 / 0408

DIRECT TESTIMONY

OF

BRADLEY D. LUTZ

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

**Kansas City, Missouri
February 2024**

DIRECT TESTIMONY

OF

BRADLEY D. LUTZ

Case Nos. EO-2023-0407 / 0408

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

2 A: My name is Bradley D. Lutz. 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. I serve as Director, Regulatory Affairs for Evergy
6 Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri Metro”), Evergy Missouri
7 West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”), Evergy Metro, Inc. d/b/a
8 Evergy Kansas Metro (“Evergy Kansas Metro”), and Evergy Kansas Central, Inc. and
9 Evergy South, Inc., collectively d/b/a as Evergy Kansas Central (“Evergy Kansas Central”)
10 the operating utilities of Evergy, Inc.

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

12 A: I am testifying on behalf of Evergy Missouri Metro and Evergy Missouri West
13 (collectively, “Evergy” or “Company”).

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

15 A: My current responsibilities are focused on rates, regulatory operations and customer issues,
16 providing support and oversight for a wide range of regulatory work including
17 determination of retail revenues, load analysis, rate design, class cost of service, tariff
18 administration, compliance reporting, response to customer complaints, docket

1 management system administration, general tariff administration, and relationship
2 development for Evergy's regulatory activities in the Missouri and Kansas jurisdictions.

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

4 A: I hold a Master of Business Administration from Northwest Missouri State University and
5 a Bachelor of Science degree in Engineering Technology from Missouri Western State
6 University.

7 I joined Evergy, then Kansas City Power & Light, in August 2002 as an Auditor in
8 the Audit Services Department. I moved to the Company's Regulatory Affairs group in
9 September 2005 as a Regulatory Analyst where my primary responsibilities included
10 support of our rate design and class cost of service efforts. I was promoted to Manager in
11 November 2010 and was promoted to my current position in March 2020.

12 Prior to joining Evergy, I was employed by the St. Joseph Frontier Casino for two
13 years as Information Technology Manager. Prior to St. Joseph Frontier Casino, I was
14 employed by St. Joseph Light and Power Company for nearly 14 years. I held various
15 technical positions at St. Joseph Light and Power Company, including Engineering
16 Technician-Distribution, Automated Mapping/Facilities Management Coordinator, and
17 my final position as Senior Client Support Specialist-Information Technology.

18 **Q: Have you previously testified in a proceeding before the Missouri Public Service
19 Commission ("Commission" or "MPSC") or before any other utility regulatory
20 agency?**

21 A: Yes, I have testified multiple times before the Commission concerning tariff, class cost of
22 service and rate design topics as part of various recent proceedings. Additionally, I have
23 testified multiple times before the Kansas Corporation Commission.

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

2 A: The purpose of my testimony is to provide details about the Company's Special
3 Incremental Load Service tariff, Schedule SIL, and its treatment of demand response in
4 relation to MPSC Staff's Evergy Missouri West prudence disallowance in Case No. EO-
5 2023-0408.

6 **Q: Please describe the SIL rate schedule.**

7 A: The SIL rate schedule is designed to provide certain customers with new or incremental
8 increases in load, access to a special rate that is not based on the Company's cost of service
9 like generally available tariff rates, but is designed to recover no less than the incremental
10 costs of serving the new load. The customer load will be served primarily by renewable
11 energy resources separate from energy resources used to serve general customers of the
12 Company. Availability of the rate is limited to customers who have a facility whose
13 primary industry is the smelting of aluminum and primary metals, (Standard Industrial
14 Classification Code 3334), have a facility whose primary industry is the production or
15 fabrication of steel (North American Industrial Classification System 331110) or operate a
16 facility with an increase in load equal to or in excess of a monthly demand of 50 MW.
17 Service under this rate schedule requires a written contract between the Company and the
18 Customer. Each SIL contract shall collect at least the incremental cost incurred by the
19 Company to serve the customer. Customers must show a competitive need, documenting
20 the facility would not commence operations absent the special rate and show the special
21 rate is in the interest of the state of Missouri.

1 **Q: Please describe the purpose of the demand response-related language found in the**
2 **SIL rate schedule.**

3 A: This rate schedule seeks to establish incremental pricing for customers meeting special
4 criteria. In establishing the incremental rate designs, the Company seeks to align costs to
5 serve with the expected operational load characteristics (expected kWh and kW) of the
6 customer to produce rate schedule pricing that will return the appropriate revenue to cover
7 these costs to serve. Since demand response program participation has the potential to
8 impact a customer's peak demand and load, it is important to consider the impact that
9 program participation could have on the rate and the ability of the rate to recover the
10 incremental costs of serving the new load.

11 **Q: Why is this important?**

12 A: The special rate provides for long term pricing up to ten years. Further, the rate schedule
13 is designed to recover no less than the incremental costs of serving the new load. Since the
14 rates are set near incremental cost based on estimated customer loads, material changes in
15 the customer consumption, such as demand response program participation, could
16 undermine the rate design and expose the Company to under recovery of cost.
17 Accordingly, this language requires demand response participation to be part of the
18 Commission approved contract.

19 **Q: Does the added SIL tariff language for demand response participation prohibit a**
20 **customer's participation?**

21 A: No. It only requires that the demand response be considered and approved by the
22 Commission as part of the customer contract.

1 **Q: If a customer receiving service under the SIL rate schedule wishes to participate in**
2 **demand response, how would that occur?**

3 A: For customers already receiving service, the customer and the Company should work
4 together to modify the existing contract, filing the modified terms to the Commission for
5 review and approval. In preparing the modifications, terms allowing demand response
6 would be included and provisions made in the pricing for service under the special rate.
7 The modified contract would be filed according to any specific terms for filing set out in
8 the respective tariffs. Similarly, if a new customer sought service under these rate
9 schedules and expected to participate in demand response, terms and pricing would be
10 developed as part of the initial request for Commission approval of the contract.

11 **Q: In your opinion, is this approach reasonable and narrowly tailored to ensure**
12 **customers have the option of participating in wholesale or retail demand response**
13 **programs?**

14 A: Yes. This approach allows customers to participate in demand response as the Commission
15 intends but includes prerequisites to ensure the terms of the special rates are maintained
16 and recover no less than the incremental costs of serving the new load as intended.

17 **Q: Why did the Company allow an SIL customer to participate in the demand response**
18 **program?**

19 A: Please refer to the testimony of Brian File concerning the Company's actions.

1 **Q: Company witness Brian File evaluates the prudence of the costs associated with this**
2 **customer's participation in Business Demand Response program and recommends**
3 **recovery of the costs. However, given that you have established that the SIL**
4 **customer's participation in demand response may impact the SIL rate and ability to**
5 **cover costs to serve, what is your recommendation?**

6 A: In this instance, I agree with Mr. File. As supported by filings made by the Evergy Missouri
7 West in recent rate cases¹, Evergy Missouri West has evaluated and determined that the
8 SIL customer continued to cover its cost to serve, including during the time period when
9 the customer participated in the Business Demand Response program.

10 **Q: Do you believe the contract executed under the SIL tariff should be modified or**
11 **amended to include the provisions for demand response participation?**

12 A: Yes. Even though Evergy Missouri West could find no harm to customers through this
13 customer's participation in the demand response program, the customer's contract should
14 be modified and amended if the customer wants to continue to participate in the demand
15 response program.

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

17 A: Yes, it does.

¹ Cost of Service Adjustment R-99 submitted as part of ER-2023-0130 and ER-2024-0189.

**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) Case No. EO-2023-0407
Efficiency Programs of Evergy Metro, Inc.)
d/b/a Evergy Missouri Metro.)

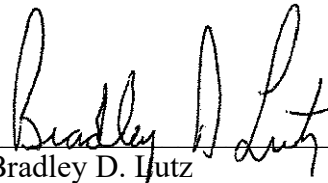
In the Matter of the Second Prudence)
Review of the Missouri Energy Efficiency)
Investment Act (MEEIA) Cycle 3 Energy) Case No. EO-2023-0408
Efficiency Programs of Evergy Missouri)
West, Inc. d/b/a Evergy Missouri West.)

AFFIDAVIT OF BRADLEY D. LUTZ

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

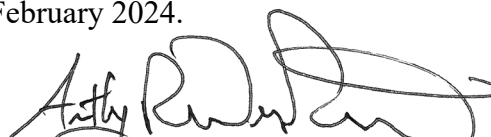
Bradley D. Lutz, being first duly sworn on his oath, states:

1. My name is Bradley D. Lutz. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Director – Regulatory Affairs.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of six (6) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Bradley D. Lutz

Subscribed and sworn before me this 27th day of February 2024.



Notary Public

My commission expires: 4/26/2025

