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Billing Procedures, Program
Participation, Hold Harmless, and
Securitization
Witness: Bradley D. Lutz
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Sponsoring Party: Evergy Missouri Metro and Evergy
Missouri West
Case No.: ET-2024-0182
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ET-2024-0182

REBUTTAL TESTIMONY

OF

BRADLEY D. LUTZ

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

**Kansas City, Missouri
March 2024**

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REBUTTAL TESTIMONY

OF

BRADLEY D. LUTZ

Case No. ET-2024-0182

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: Are you the same Bradley D. Lutz who submitted direct testimony in this docket on**
5 **February 2, 2024?**

6 A: Yes.

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

8 A: I am testifying on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy
9 Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy
10 Missouri West”) (collectively, the “Company”).

11 **Q: What is the purpose of your rebuttal testimony?**

12 A: The purpose of my Rebuttal Testimony is to address a number of issues presented by the
13 Staff of the Missouri Public Service Commission (“Staff”). Those issues include:

14 I. Address comments and concerns about the Company’s proposed Solar
15 Subscription Rider (“SSP”) program pricing changes;

16 II. Address comments and concerns about the Company’s proposed SSP
17 subscription level change;

18 III. Address comments and proposals concerning the Company’s billing
19 procedures for TOU rates as it relates to the SSP program;

1 IV. Respond to concerns about SSP program participation including proposals
2 concerning new “hold harmless” concerns; and

3 V. Address billing of charges pursuant to the securitization statute, RSMo
4 Section 393.1700.

5 Given the distribution of topics and nuance of these topics, if I did not, or
6 inadvertently fail to address an issue raised by any party the absence of a response does not
7 constitute agreement by the Company with that party.

8 **I. SSP PRICING & PARTICIPATION**

9 **Q: What is the purpose of this portion of your testimony?**

10 A: I will respond to the testimony of Staff witness Cedric Cuningan concerning proposed
11 changes to the Solar Block Subscription Charge.

12 **Q: Please clarify the Solar Block Subscription Charge.**

13 A: The Solar Block Subscription Charge is made of two costs: the Solar Block Cost and the
14 Services and Access charge. Evergy is proposing changes to the Solar Block Cost and is
15 not recommending any changes to the Services and Access charge. Evergy requests to
16 increase the Solar Block Cost from \$0.0884 to \$0.09131 per kWh to reflect the final, actual
17 construction costs of the Hawthorn solar array.

18 **Q: What is Staff’s recommendation concerning the change to the proposed Solar Block
19 Cost charge?**

20 A: Staff recommends rejection of the rate change, not because the change is not reasonable,
21 but instead because it is Staff’s legal opinion that rates must not be changed outside of a
22 general rate case. Staff further suggests rejection of the rate change would give time “to

1 educate any affected parties on the reasons for the change and provide a forum for all to
2 weigh in.”¹

3 **Q: Do you agree with Staff’s reasoning behind the proposed rejection?**

4 A: No. I do not support that the rate change must occur within a rate case, and I do not believe
5 further time is needed for the merits of the rate change. The purpose and timing of this
6 proposed change has been anticipated since the Company proposed the pilot program and
7 received Commission approval of the solar subscription pilot tariff in ER-2018-0145/0146.
8 All parties have been aware of the pricing change process and the Company has been
9 working to complete this process.

10 **Q: Please describe the SSP program pricing change process that the Company vetted**
11 **with the parties and the Commission.**

12 A: The expectation of updated pricing was first identified in Company testimony when it
13 proposed the SSP program in ER-2018-0145/0146. In my Direct testimony I state,

14 ***Q: Can this cost change in the future?***

15 *A: Yes. The Company will file a revised tariff to update the Solar Block*
16 *charge if these proposed rates do not appropriately reflect the costs*
17 *of the initial system and again if additional solar resources are*
18 *added to serve Subscribers. Filing would occur after the required*
19 *subscriber interest is received and the Company has a firm estimate*
20 *of the cost. The interconnection charge will change if the costs*
21 *attributed to Transmission and Distribution functions change in a*

¹ Direct Testimony of Cedric Cunigan, PE, ET-2024-0182, page 4, line 5.

1 is near the middle of a high-low range of prices using the levelized cost of energy model
2 with adjusted assumptions outlined.⁵

3 **Q: Are you aware of any legal requirement for this pricing change to be proposed and**
4 **approved within a rate case, as Staff alleges?**

5 A: In my experience, generally rates can change outside of a general rate case in certain
6 situations, such as this one where the tariff indicates that the rate will be updated to reflect
7 future costs. The Company will further address Staff's legal arguments on this issue in its
8 briefs.

9 **Q: What is the annual impact of the proposed pricing change to the Company?**

10 A: The Company estimates that the revenue change associated with the updated Solar Block
11 cost to average \$93,152 per year over the service life of the Hawthorn solar array.

12 **Q: Is there further need for affected parties to consider this pricing change?**

13 A: No. These steps have been disclosed to all parties since 2018. The proposed pricing
14 remains within the not to exceed value established in the tariff and available for all parties.
15 This pricing change is fully independent of the rates paid for service approved in the
16 Company's last rate case. There is no point for further consideration other than to attempt
17 to change the already established process.

18 **Q: Staff also asserts concerns about customer confusion around the pricing change. Do**
19 **you agree with Staff's concern?**

20 A: No. Certainly, confusion is possible within any customer interaction; however, the
21 Company has been transparent with customers about the steps to establish the SSP
22 program, to build the solar resource, and to complete the pricing update. I would contend

⁵ Direct Testimony of Cedric Cunigan, PE, ET-2024-0182, page 3, line 12.

1 that because Staff found only one customer who raised concerns about the pricing is
2 reflective of the Company's diligent efforts to communicate to subscribers and therefore
3 this pricing change is not a call for concern.

4 II. SSP SUBSCRIPTION LEVELS

5 **Q: What is the purpose of this portion of your testimony?**

6 A: I will respond to the testimony of Staff witness Cedric Cuningan concerning proposed
7 changes to the SSP subscription levels for non-residential participants.

8 **Q: What is Staff's recommendation concerning the Company's proposed change to the
9 subscription levels for non-residential participants?**

10 A: Staff recommends rejecting the change. However, Staff does not recommend rejection on
11 the grounds that the change is improper, but instead raises concerns about the treatment of
12 any excess solar generation occurring at the 100% subscription level.

13 **Q: Is this a reasonable concern?**

14 A: Yes. To address Staff's concern, the Company supports adding language to address
15 treatment of excess energy. The Company suggests the following tariff language: "Should
16 the solar resource energy production amount for a given month be larger than the
17 Participant's metered energy consumption, the net energy will be credited to the Customer
18 at the then current rate for energy set by the Company Parallel Generation tariff." This
19 approach would align with the approach used for treatment of excess energy under the
20 Company's net metering tariff.

1 **Q: You address the benefit of this change in your Direct testimony. Are there any**
2 **additional points to consider with respect to this proposed change?**

3 A: Yes. This approach is consistent with the subscription level approved by the Commission
4 for Ameren’s Community Solar program. In Ameren’s Community Solar program tariff,⁶

5 **Q: With this clarifying language, do you still recommend the Commission approve this**
6 **change to the subscription level for non-residential participants?**

7 A: Yes. Expanding the subscription level to 100% is an important element in addressing the
8 renewable needs for non-residential participants.

9 **III. SSP BILLING PROCEDURES**

10 **Q: What is the purpose of this portion of your testimony?**

11 A: I will respond to the testimony of Staff witness Sarah Lange concerning proposed language
12 to address billing of customers under the TOU rates. Staff offers revised language for
13 billing of customers under the Default Time Based Plan – Residential Peak Adjustment,
14 Schedule RPKA (“RPKA”), the Summer Peak Time Based Plan – Residential Time of
15 Use – Two Period, Schedule RTOU-2 (“RTOU2”), and the Nights & Weekends Max Plan
16 – Residential High Differential Time of Use, Schedule RTOU-3 (“RTOU3”). The
17 Company expects these approaches would be applied for similarly situated rate codes not
18 mentioned. Staff captures these proposed changes as well as other tariff language changes
19 in a specimen tariff attached to the testimony of Ms. Lange.

⁶ Ameren Community Solar Program, Rider CSP, 3rd Revised Sheet 89, Effective February 28, 2022.

1 **Q: Staff states that including billing provisions in the SSP tariff is appropriate. Do you**
2 **agree?**

3 A: Yes. The billing provisions in the tariff are necessary to define the application of the solar
4 resource output to the customer and the associated billing. From its inception, the SSP
5 tariff has included such provisions to guide the Company's actions. Revising these
6 procedures to allow residential customers to have expanded access to Time of Use ("TOU")
7 rate designs is a key element of the proposed SSP tariff in this docket.

8 **Q: Has the Company examined the billing procedures proposed by Staff?**

9 A: Yes. The testimony and specimen tariff have been reviewed by Company personnel
10 knowledgeable with the SSP program, with the Company's billing system, and with the
11 current SSP program billing procedures. These personnel examined Staff's proposed
12 procedures to determine compatibility and suitability with the Company's billing processes
13 and systems.

14 **Q: What did this examination determine?**

15 A: Based on this initial examination, the billing procedures proposed by Staff are not
16 inherently supported by the Company's current billing system or processes, but they are
17 logical and feasible. To execute Staff's proposed procedures would require configuration
18 of the Company's systems and definition of new supporting processes. Examining the
19 proposed procedures more closely, the billing procedures proposed by Staff share a two-
20 step approach. The procedures first apply the peak/non-peak allocation associated with the
21 resource and then apply a participant specific step, examining the customer's monthly
22 usage to proportion the usage between the peak and non-peak periods. The Company has
23 determined that this second, participant specific allocation, is not compatible with the

1 Company's billing system's current capability and steps would have to be taken to define
2 precise specifications and configure this functionality to perform.

3 **Q: Would you please provide further detail about these incompatibilities?**

4 A: Yes. The participant specific allocation represented by the second step seeks to align the
5 renewable energy output from the SSP program subscription with the relationship of the
6 customer's then current monthly usage. To accomplish this step, the billing system is
7 required to perform an "if this, then do that" logic for each rate code. This form of analysis
8 is more complex than the methods currently utilized, and the Company will need to define
9 precise specifications and configure the billing system to accommodate. It is possible that
10 Staff's proposed billing procedures could result in additional manual processes to execute
11 billing of SSP program participants.

12 **Q: Do these incompatibilities and efforts to achieve Staff's proposed billing procedures
13 raise other concerns?**

14 A: Yes. First, these configuration complexities draw into question the timing of compliance
15 following an Order in this case. As discussed in my Direct Testimony, under the expected
16 May 2024 order date in this docket, the Company expects the required billing system and
17 process work to be completed by December 31, 2024. Evaluating billing procedure
18 processes proposed during the timing of the case does not afford the Company an
19 opportunity to prepare in advance, pushing out the expected timing to achieve execution.
20 Since configuration specifications have not been established, it is difficult to determine
21 exactly how much time would be needed to execute the billing procedures proposed by
22 Staff, but I would estimate, based on the time required for the Company proposal, an
23 additional four to six months would be needed.

1 A second concern is with disproportionate cost. The expected configurations will
2 require considerable effort from the Company’s Billing and System Support teams to
3 complete. Given that these configurations will support the billing of approximately 750
4 SSP program participants draws into question the value of making these more complex
5 system changes.

6 **Q: How do the Company proposed procedures work instead?**

7 A: Each month, the output of the Hawthorn solar resource is manually apportioned to the
8 approximately 750 participants of the SSP program. This “per share” amount is input into
9 the billing system and incorporated into their monthly billing. As all SSP participants are
10 currently on the RPKA rate, and the SSP subscription usage is applied on a monthly basis,
11 the SSP usage is removed from their monthly usage after the RPKA billing step is
12 complete. In contrast, the billing procedures proposed by Staff will require the Company
13 to rebuild the processing of the individual rate codes to incorporate the monthly specific
14 elements of the two-step procedure.

15 **Q: How do the Company’s proposed procedures work for RPKA?**

16 A: The SSP tariff billing provisions for enrolled participants will utilize the existing fixed
17 allocation method that will subtract from the metered energy consumed by the participant
18 for the billing month after billing under the RPKA tariff is completed.

19 **Q: How does the Company’s proposed procedures work for RTOU2 and RTOU3?**

20 A: The SSP tariff billing provisions for enrolled participants will utilize a fixed allocation
21 method that will subtract from the metered energy consumed 19% during summer months
22 and 22% of non-summer months, of the participant’s share of the solar resource energy
23 production will be subtracted from the metered energy consumed by the participant during

1 the on peak period for the billing month; and 81% during summer months and 78% during
2 non-summer months of the solar resource energy production will be subtracted from the
3 metered energy consumed by the participant during the off-peak period for the billing
4 month.

5 **Q: Would these procedures also apply to the Company's other TOU rates?**

6 A: Yes. These would also apply to the Company's Nights & Weekends Plan – Residential
7 Time of Use – Three Period, Schedule RTOU and EV Only Plan – Separately Metered
8 Electric Vehicle Time of Use, Schedule RTOU-EV.

9 **Q: Could these methods be refined over time to achieve many of the features of the more
10 detailed billing approaches proposed by Staff?**

11 A: Yes. As discussed previously, this would require additional specification and configuration
12 to achieve. However, if these steps could be incorporated over time, the enhancement is
13 expected to be achieved at a lower cost and could be brought to bear as the SSP program
14 participation continues to grow.

15 **Q: Are the Company's proposed billing procedures achievable by December 31, 2024?**

16 A: Yes.

17 **Q: Do you believe the Company proposed billing procedures are more balanced
18 concerning cost to achieve?**

19 A: Yes. The Company's billing procedures offer an approach that provides SSP program
20 participants expanded rate choice, aligns more closely with the billing system's current
21 configuration, and without expending a disproportionate amount of cost to achieve.

1 **Q: Staff again mentions a potential need for reconfiguration of the Service and Access**
2 **Charge. Do you agree with this suggestion?**

3 A: No. As discussed in my Direct Testimony, the Service and Access charge was added to
4 ensure participants contributed to the cost of the grid as part of the energy delivery
5 associated with the SSP program design. There is little further advantage to attempt further
6 division of the charge in an attempt to reflect seasonal or rate code level differentials. I
7 would add that incorporating additional variations of the Service and Access Charge will
8 accomplish little more than increasing the complexity of the billing and our educating of
9 participants concerning the charges associated with the SSP program.

10 **IV. LOSS OF PARTICPATION & HOLD HARMLESS**

11 **Q: What is the purpose of this portion of your testimony?**

12 A: I will respond to the testimony of Staff witnesses Cedric Cuningan and Sarah Lange raising
13 concerns about reductions in SSP program participation caused by TOU rate availability
14 and the suggestion the Commission order those non-participants be held harmless from
15 these perceived impacts.

16 **Q: Do you share Staff's concerns about participants unsubscribing because of rate**
17 **availability?**

18 A: No. As addressed in my Direct testimony, there is no evidence that participants are
19 unsubscribing. Further, the Company has been able to maintain a waitlist of interested
20 customers to help keep the program fully subscribed. The Company is seeing higher levels
21 of interest from non-residential customers, a group not impacted by rate availability
22 concerns, and their inclusion in the SSP program waitlist will further protect against less

1 than full subscription of the resource. It is our opinion that limited rate choice is not a
2 driver for subscription level changes.

3 **Q: Staff suggests that any additional time taken to expand TOU rate availability would**
4 **lead to participants unsubscribing. Do you agree?**

5 A: No. I would offer that the bulk of current subscribers chose the SSP program before the
6 expanded suite of TOU rates were available. Company research would support that most
7 customers chose to participate due to interest in renewable energy. This need is met
8 regardless of the rate they are on to receive service.

9 **Q: Do you believe the steps and timing proposed by the Company are effective in**
10 **addressing the need to expand rate availability within the SSP program?**

11 A: Yes. Residential customers are still coming to terms with the new TOU rate options. This
12 current year will be the first, full experience under the TOU rate designs. It is reasonable
13 to expect that customers exploring the TOU options would choose to first understand the
14 impact of the TOU rate on their billing before considering alternatives such as the SSP
15 program. I do not believe there is a clear causation between SSP program participation
16 and rate availability. The steps proposed by the Company achieve the goal of expanded
17 rate availability. I contend the urgency is not as extreme as Staff would suggest.

18 **Q: Staff recommends that Evergy expand TOU availability for residential SSP**
19 **participants no later than the end of May 2024. Is that reasonable?**

20 A: No. As addressed in my Direct testimony, under the expected May 2024 order date in this
21 docket, the Company expects the required billing system and process work to be completed
22 by December 31, 2024. Staff does not have a basis for the May 2024 date and fails to
23 consider the additional impact of their alternate proposals and requirements to configure

1 the Company's billing system. Continued development of alternative approaches
2 eliminates the Company's opportunity to prepare in advance, pushing out the expected
3 timing to achieve the required system changes. Further, any late developed alternatives
4 will limit the Company's ability to provide access to digital tools to support customer
5 experience.

6 **Q: Staff suggests the Commission order that non-participants be held harmless from**
7 **perceived impacts from undersubscription of the SSP program. Do you agree with**
8 **the suggestion?**

9 A: No. There are appropriate measures in the current program design to address program
10 subscriptions.

11 **Q: Staff states this "hold harmless" provision is the result of Evergy's "unwillingness"**
12 **to address the tariff, an issue raised in EC-2024-0092. Do you agree with this**
13 **contention?**

14 A: Absolutely not. The steps taken by the Company and the reasons for those steps are
15 addressed more fully in the EC-2024-0092 testimony, but I would assert that the Company
16 has taken steps to address the tariff. Efforts began with initial contact of Staff once issues
17 were found. Admittedly, the Company did not make the tariff filing as originally intended
18 and the timing of the filing was complicated by the permutation of procedural actions
19 leading to this docket. However, at no time was the Company unwilling or ignored the
20 need to address the SSP tariff.

1 **V. APPLICABILITY OF SECURITIZATION CHARGE (393.1700)**

2 **Q: What is the purpose of this portion of your testimony?**

3 A: I will respond to the testimony of Staff witness Sarah Lange proposing new language
4 addressing the applicability of the securitization change enabled by RSMO Section
5 393.1700 and the Evergy Missouri West Securitized Utility Tariff Rider, Schedule SUR.

6 **Q: What is Staff’s proposal for this charge?**

7 A: Staff proposes to detail that the Securitized Utility Tariff Charge applied as part of
8 Schedule SUR be applicable to all metered kWh and not reduced by the solar resource
9 energy production.

10 **Q: Do you agree with this proposal?**

11 A: Yes. It is reasonable to offer this clarification.

12 **VI. CONCLUSION**

13 **Q: Would you please summarize the key elements of your rebuttal testimony?**

14 A: Yes. In addition to the Company recommendations made in our Direct testimony, I offer
15 the following recommendations in response to Staff Direct testimony received. First, I
16 recommend the Commission approve the update of the Solar Block Subscription Charge
17 as proposed by the Company. The pricing update was contemplated in the original tariff,
18 it is within the “not to exceed” limits set in the tariff, and it is appropriate to approve this
19 change outside of a general rate case.

20 Concerning subscription levels, I recommend the Commission approve
21 participation for non-residential customers up to 100% of their annual energy as proposed
22 by the Company, with the proposed revision to address treatment of excess energy offered
23 in this rebuttal. Expanded access to renewable energy is important to our non-residential
24 customers who have corporate sustainability goals and objectives around renewable and

1 carbon-free energy. This revision will align us with peer utility programs and help ensure
2 high levels of customer participation in the SSP program.

3 Concerning billing procedures, I recommend the Commission approve the
4 Company's proposed billing procedures. These billing procedures are developed to align
5 more closely with the current configuration of the Company's billing systems, which can
6 be executed without expending a disproportionate amount of cost to achieve and in a timely
7 manner.

8 I recommend that the Commission recognize that rate availability is not impactful
9 to SSP program participation and that regardless of the TOU rate SSP participants are
10 served under, the participating customer relies on the SSP program to gain access to
11 renewable energy to meet their goals and objectives. With this in mind, concerns about
12 further "hold harmless" provisions, particularly if offered as punitive measures, are not
13 reasonable and the current SSP program design already includes appropriate measures to
14 address subscription variations.

15 Finally, I support Staff's recommendation to clarify recovery of the Securitized
16 Utility Tariff Charge established under the Company's Securitized Utility Tariff Rider,
17 Schedule SUR.

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

19 **A:** Yes, it does.

