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# Exhibit No. 3

Evergy – Exhibit 3 Testimony of Bradley D. Lutz Rebuttal File No. ET-2024-0182

Exhibit No.:

Issue: SSP Pricing, Subscription Levels,

Billing Procedures, Program Participation, Hold Harmless, and

Securitization

Witness: Bradley D. Lutz
Type of Exhibit: Rebuttal Testimony

Sponsoring Party: Evergy Missouri Metro and Evergy

Missouri West

Case No.: ET-2024-0182

Date Testimony Prepared: March 12, 2024

#### 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

# **Table of Contents**

Table	le of Contents	i
I.	SSP PRICING & PARTICIPATION	2
II.	SSP SUBSCRIPTION LEVELS	6
III.	SSP BILLING PROCEDURES	7
IV.	LOSS OF PARTICPATION & HOLD HARMLESS	12
V.	APPLICABILITY OF SECURITIZATION CHARGE (393.1700)	15
VI.	CONCLUSION	15

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

<sup>&</sup>lt;sup>1</sup> Direct Testimony of Cedric Cunigan, PE, ET-2024-0182, page 4, line 5.

1 2		subsequent rate case. The Charge may increase or decrease due to these provisions. <sup>2</sup>
3		The final tariff <sup>3</sup> established in the ER-2018-0145/0146 case specified the Solar Block cost
4		was an estimate, with the cost to be updated after a project is selected and established a not
5		to exceed cost.
6		Figure 1
		PRICING: The Solar Block Subscription Charge for energy sold through this Program is estimated to be \$0.15367 per kWh, made up of two costs:  1. The Solar Block cost of \$0.11567 per kWh (based on an engineering estimate. Rate will be updated once a project is selected.) (The Solar Block cost will not exceed \$0.13880 per kWh.); and
7		2. The Services and Access charge of \$0.038 per kWh.
8		Then, as more detail was available concerning the resource and the status of the SSP
9		program enrollment, the Company offered testimony in ER-2022-0129/0130 case to
10		confirm its intent. Specifically, the testimony of Kimberly Winslow states:
11 12 13 14 15 16		Based on current total projected costs associated with engineering design, construction, build, interconnection and site prep, the Company estimates an LCOE of \$0.1308 per kWh. This consists of a fixed charge of \$0.0908 per kWh and a services and access charge of \$0.040 per kWh. The Company anticipates firm final pricing next Spring once Procurement and Construction planning activities are complete for the 10MWac array. <sup>4</sup>
17		Thus, the Company has taken steps in this ET case as provided for in previous program
18		tariff approvals to update the Solar Block Cost now that Hawthorn solar array that supports
19		the SSP program is constructed and in-service.
20	Q:	Does the Company's proposed pricing change comply with the limitations set out in
21		the tariff?
22	A:	Yes. The proposed rate of \$0.09131 per kWh remains less than the approved "not to
23		exceed" amount for the Solar Block Cost. Further, Staff acknowledges the proposed rate

Direct Testimony of Bradley Lutz, ER-2018-0145/0145, page 12, line 1.
 Solar Subscription Pilot Rider, Schedule SSP, Second Revised Sheet 39A, ER-2018-0145/0146, YE-2019-0084/0085.

<sup>&</sup>lt;sup>4</sup> Direct Testimony of Kimberly Winslow ER-2022-0129 and ER-2022-0130; p. 39.

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

<sup>&</sup>lt;sup>5</sup> Direct Testimony of Cedric Cunigan, PE, ET-2024-0182, page 3, line 12.

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

#### 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 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 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?

4

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,<sup>6</sup>

With this clarifying language, do you still recommend the Commission approve this 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 renewable needs for non-residential participants.

#### III. SSP BILLING PROCEDURES

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

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

<sup>&</sup>lt;sup>6</sup> Ameren Community Solar Program, Rider CSP, 3<sup>rd</sup> Revised Sheet 89, Effective February 28, 2022.

- 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
- 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
- procedures to determine compatibility and suitability with the Company's billing processes
- and systems.
- 14 Q: What did this examination determine?
- 15 A: Based on this initial examination, the billing procedures proposed by Staff are not
- inherently supported by the Company's current billing system or processes, but they are
- logical and feasible. To execute Staff's proposed procedures would require configuration
- of the Company's systems and definition of new supporting processes. Examining the
- proposed procedures more closely, the billing procedures proposed by Staff share a two-
- 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
- usage to proportion the usage between the peak and non-peak periods. The Company has
- determined that this second, participant specific allocation, is not compatible with the

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

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

Q:

A:

A:

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

# Do these incompatibilities and efforts to achieve Staff's proposed billing procedures raise other concerns?

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

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

#### How do the Company proposed procedures work instead?

Q:

A:

Q:

A:

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

# 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.

# How does the Company's proposed procedures work for RTOU2 and RTOU3?

The SSP tariff billing provisions for enrolled participants will utilize a fixed allocation method that will subtract from the metered energy consumed 19% during summer months and 22% of non-summer months, of the participant's share of the solar resource energy 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?
- A: No. As discussed in my Direct Testimony, the Service and Access charge was added to
  ensure participants contributed to the cost of the grid as part of the energy delivery
  associated with the SSP program design. There is little further advantage to attempt further
  division of the charge in an attempt to reflect seasonal or rate code level differentials. I
  would add that incorporating additional variations of the Service and Access Charge will
  accomplish little more than increasing the complexity of the billing and our educating of

#### IV. LOSS OF PARTICPATION & HOLD HARMLESS

participants concerning the charges associated with the SSP program.

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

9

- 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	e is not a
2	driver for subscription level changes.				

- 3 Q: Staff suggests that any additional time taken to expand TOU rate availability would lead to participants unsubscribing. Do you agree?
- A: No. I would offer that the bulk of current subscribers chose the SSP program before the expanded suite of TOU rates were available. Company research would support that most customers chose to participate due to interest in renewable energy. This need is met 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?
- Yes. Residential customers are still coming to terms with the new TOU rate options. This current year will be the first, full experience under the TOU rate designs. It is reasonable to expect that customers exploring the TOU options would choose to first understand the impact of the TOU rate on their billing before considering alternatives such as the SSP program. I do not believe there is a clear causation between SSP program participation and rate availability. The steps proposed by the Company achieve the goal of expanded 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 participants no later than the end of May 2024. Is that reasonable?
- A: No. As addressed in my Direct testimony, under the expected May 2024 order date in this docket, the Company expects the required billing system and process work to be completed by December 31, 2024. Staff does not have a basis for the May 2024 date and fails to 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.

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

- 9 A: No. There are appropriate measures in the current program design to address program
   10 subscriptions.
- O: Staff states this "hold harmless" provision is the result of Evergy's "unwillingness" to address the tariff, an issue raised in EC-2024-0092. Do you agree with this contention?
  - A: Absolutely not. The steps taken by the Company and the reasons for those steps are addressed more fully in the EC-2024-0092 testimony, but I would assert that the Company has taken steps to address the tariff. Efforts began with initial contact of Staff once issues were found. Admittedly, the Company did not make the tariff filing as originally intended and the timing of the filing was complicated by the permutation of procedural actions leading to this docket. However, at no time was the Company unwilling or ignored the 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.

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- 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.

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

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

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

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

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

# 18 Q: Does that conclude your testimony?

19 A: Yes, it does.

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

In the Matter of Evergy Metro, Inc. d/b/a	)	
Evergy Missouri Metro's and Evergy Missouri	)	Case No. ET-2024-0182
West, Inc. d/b/a Evergy Missouri West's Solar	)	
Subscription Rider Tariff Filings	)	

#### AFFIDAVIT OF BRADLEY D. LUTZ

STATE OF MISSOURI	)	
	)	S
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 Rebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of sixteen (16) 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.

Subscribed and sworn before me this 12<sup>th</sup> day of March 2024.

My commission expires:  $\frac{4}{2u/w25}$