

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

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

**EVERGY MISSOURI METRO’S AND EVERGY MISSOURI WEST’S  
POST-HEARING BRIEF**

COMES NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively, the “Company”) and, pursuant to the Missouri Public Service Commission’s (“Commission”) *Order Setting Procedural Schedule and Further Suspending Tariff Sheets* (“Order”) dated January 31, 2024, submits their Post-Hearing Brief (“Evergy Brief”):

**I. INTRODUCTION**

This proceeding is a continuation of filings related to the Solar Subscription Rider Program (“SSP” or “SSR”) tariffs and Company efforts to reflect the true-up of the final Hawthorn construction costs into the tariff charges. This case is intended to:

- Revise the SSP tariffs to address Solar Block Subscription Charge pricing,
- Possibly expand availability and address monthly billing under residential time-of-use (“TOU”) rates,
- Revise the tariff to incorporate future solar resources, and
- Revise non-residential participation limits.

The SSP Program is a key component of the Company’s efforts to increase the direct availability of renewable energy to its customers. Since approved in 2018, the Company has been diligently establishing customer interest and enrolling customers as is required to construct the solar resource per terms of the SSP tariff. Once the terms were met, the Company

executed a cost-effective build of a solar resource to serve subscribers. The Company constructed the solar array on Company-owned land at its Hawthorn generating plant, which took advantage of the nearby electric infrastructure to connect. The solar array was built to not only serve the Missouri SSP Programs (1.4 MW for Evergy Missouri Metro and 0.9 MW for Evergy Missouri West), but the build also included an additional 5 MW to meet other Company solar resource needs so that all Missouri customers could benefit from a larger resource and at a lower cost. Now that the Hawthorn solar array is complete, the charge modifications proposed by Evergy will allow the Company to reflect the final resource cost in the Solar Block Subscription Charge, a step contemplated with the original SSP tariff.

Second, the existing tariff does not accommodate billing under the Company's residential TOU rates beyond the Default Time Based Plan – Residential Peak Adjustment rate, Schedule RPKA (“RPKA”). The proposed revisions will implement a method to expand availability of the SSP Program to other TOU rate plans, if this is the policy the Commission wants to approve. However, as explained below, the Company's billing system would need to be modified to accommodate an expansion of the SSP Program to include other TOU rate customers. Finally, the proposed revisions will streamline future expansion of the SSP Program as customer interest grows and allow the Company to address other renewable opportunities.<sup>1</sup>

Now that the Hawthorn solar array is complete, the charge modifications proposed by Evergy will allow the Company to reflect the final resource cost in the Solar Subscription Charge, a step contemplated in the original SSP tariff.<sup>2</sup> Second, the billing provisions of the existing tariff were designed under the blocked rate designs and do not accommodate billing under the Company's residential TOU rates beyond the RPKA rate, which is the low differential

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<sup>1</sup> Ex. 2, Lutz Direct, pp. 4-5.

<sup>2</sup> Evergy Missouri Metro Solar Subscription Rider, Schedule SSP, Second Revised Sheet 39A, Effective December 6, 2018. Approved in ER-2018-0145 and Evergy Missouri West Subscription Rider, Schedule SSP, Original Sheet 109.1, Effective December 6, 2018. Approved in ER-2018-0146.

default TOU rate. The Company has filed tariff revisions that will implement a method to expand availability of the SPP to other TOU rate plans.

However, due principally to the billing complications, the Company agrees with Staff that the Commission may properly determine that it is appropriate that customers not be able to participate in the SSP Program while taking service on more highly-differentiated TOU rate schedules.<sup>3</sup> The Company understands that SSP participants are primarily interested in access to renewable energy, not access to a specific retail rate.<sup>4</sup> Participants are currently limited to the low-differential TOU option, and the Company has not observed cancellation of subscriptions or received customer inquiries concerning the unavailability of other TOU rates.<sup>5</sup>

Limiting rate availability to the current default rate would eliminate the need for further bill system configuration and would eliminate the need at this time for the Commission to establish a method for allocating the solar resource output between the TOU periods.<sup>6</sup>

From Evergy's perspective, it would be prudent for the Commission to wait to implement the billing provision changes until the next solar resource is built. Waiting until the next solar resource is built will give the Company more time to make the billing system changes and would be a smoother transition to expanded availability of the SSP Program to higher differential TOU rate structures. As discussed in Evergy's opening statement, taking this approach would also simplify the issues in the case, including deciding upon the method for reflecting peak and off-peak usage in the billing provisions in the SSP tariff (Issue 1).<sup>7</sup>

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<sup>3</sup> Staff Position Statement, p. 2; Evergy Position Statement, p. 5.

<sup>4</sup> Ex. 4, Lutz Surrebuttal, p. 10.

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Tr. 11-13.

## II. LEGAL ARGUMENT

### A. **STAFF HAS MISUNDERSTOOD THE PURPOSE AND EFFECT OF THE PROPOSED TARIFF CHANGES AND THE STAFF’S ARGUMENT RELATED TO “REVOKED PROMISES” SHOULD BE DISREGARDED.**

The following section will address an issue not included in the List of Issues and seems to be a misunderstanding regarding Evergy’s intention with regard to the proposed tariff changes. Contrary to Staff counsel’s assertions during the opening statements in this case,<sup>8</sup> the purpose of the proposed tariffs is not intended in any way to remove consumer protections or “revoke a promise”<sup>9</sup> related to the Solar Block Rate charges for existing SSP subscribers, or to remove a price cap on the amount in the Solar Block Charge to be charged to current SSP subscribers.

Staff counsel made several statements that suggested that Evergy was attempting to “revoke a promise”<sup>10</sup> to its SSP subscribers that a previous Solar Subscription Block tariff would be capped at 13.88 cents/kWh. Counsel’s statements were based upon a misunderstanding of the proposed tariffs and appear to suggest a nefarious intent by Evergy to “revoke a promise” to Evergy’s subscribers under the SSP program.

Counsel made the following statements in his opening statement which are incorrect and misleading:

The first two tariffs contained the following -- now, here we're getting to the nub of this thing -- the first two tariffs contained the following promise with respect to the solar block charge: The solar block cost will not exceed 13.88 cents per kilowatt hour.

The third tariff now before us today -- I'm going to use this word -- revoked the promise. The third tariff continues to call the solar block charge an estimate, thus clearly forecasting still further changes, but with the promised cap now gone. Thus using the company's excuse for being here today, that everything was clearly an estimate of an anticipated

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<sup>8</sup> Tr.30-31.

<sup>9</sup> Id.

<sup>10</sup> Id.

change, one can only that the Company is now planning on another change, and plans on making future changes to the solar block cost with no need to honor the 13.88 per kilowatt cap promise.

So where did the \$93,000 just go? Out the window. That promise made to prior subscribers is now a dead letter for those prior subscribers.<sup>11</sup>

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In that regard, two points are unassailable: First, the tariff increases customers' block rates. Second, the proposed tariff removes a cap on future block rate interest -- increases. It simply revokes an earlier promise made to customers who have already subscribed. If future solar block costs exceed the now removed cap, customers who have already subscribed before the cap was removed can expect to pay above that cap.<sup>12</sup>

### **1. Evergy is Not Revoking A Promise to SSP Subscribers in this Case**

Contrary to the assertions by Staff counsel, Evergy is not proposing to change its SSP tariff to remove a promise that the Solar Block Charge would not increase above 13.88 cents/kWh. The initial tariff that was approved in 2018 used an engineering estimate to calculate the Solar Block cost of \$0.11567 per kWh and stated that the final Solar Block cost will not exceed \$0.13880 per kWh. The final cost of the Hawthorn Solar Facility is being reflected in the proposed tariff in this case at \$0.09131 per kWh which is \$0.04749 cents below the \$0.13880 per kWh threshold contained in the original tariff.

Under Evergy's proposed tariff in this proceeding, the Solar Block Charge for existing SSP subscribers may potentially decrease, but it will not increase, as suggested by Staff, even if a future solar facility is added to the SSP program at a higher cost than the Hawthorn solar facility cost. On this point, Evergy's proposed tariff states as follows:

The Solar Block cost is defined by the total cost of the solar resources built to serve the program. The Services and Access charge will be adjusted when rates are reset in future rate cases by the average percentage change to volumetric rates in those future rate cases, unless a

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<sup>11</sup> Tr. 30.

<sup>12</sup> Tr. 31.

party provides a cost study demonstrating that it would be unreasonable to adjust the Services and Access. When an additional solar resource is added to the Program, if the Solar Block cost associated with new additional resource costs less than the previous solar resource, then the levelized cost of the new solar resource will be averaged with the remaining levelized cost of existing solar resource(s) to determine the new price for the cost of the Solar Block. If the Solar Block cost of the new additional resource costs more than the previous solar resource, then the levelized cost of the new solar resource will not be averaged with the remaining levelized cost of the existing solar resource(s). Enrolled subscribers on the waiting list for the new solar resource will pay the Solar Block cost for the new resource while previous participants will continue to pay the lower Solar Block cost of the previous resource(s) already in operation.<sup>13</sup> (emphasis added)

During the hearings, Staff counsel also tried to make the assertion that Evergy had made a “promise” to SSP subscribers in a single Frequently Asked Question (“FAQ”) on the Company’s website that the Solar Block rate would never increase.<sup>14</sup> While the original FAQ language found in Ex. 107 was an error, the Company corrected that FAQ (found in Ex. 108) to correctly state:

**Q: Will my solar Subscription charge be subjected to additional increases in the future?**

A: While the Solar Block Energy Charge for the cost of the Hawthorn solar resource will not increase once the update charge is approved by the MO PSC to reflect final costs of the completed resource, the Services and Access charge may change during future Missouri rate cases.<sup>15</sup>

Of course, the Company is requesting in this proceeding that the final costs of the completed resource be reflected in the Solar Block charge after which time it would not be subject to any rate increase.

Most importantly, Mr. Lutz testified that no current solar subscription subscribers have

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<sup>13</sup> Evergy Missouri Metro Tariff, P.S.C. MO No. 7, 4th Revised Sheet 39A; Evergy Missouri West Tariff, P.S.C. MO No. 1, 4<sup>th</sup> Revised Sheet No. 109.

<sup>14</sup> Tr. 27-28, 69-78.

<sup>15</sup> Ex. 108.

complained to the Company about any aspect of the SSP Program.<sup>16</sup> Staff’s assertions on this point with respect to an incorrect statement on the internet are overblown and should be disregarded.

For these reasons, Staff’s assertions that Evergy is revoking a promise to existing SSP subscribers in this proceeding or basing its proposed rates on an “estimate” should be flatly rejected.

### **LIST OF ISSUES**

**1. What are appropriate billing provisions at this time for SSP participants served on schedule RPKA, and when should those provisions take effect?**

The Commission should approve the billing provisions for SSP participants served on Schedule RPKA proposed by Evergy. The billing provisions proposed by the Company should take effect no earlier than December 31, 2024.<sup>17</sup>

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. If the Commission accepts the Company proposal for fixed allocation between peak and off-peak usage, the Company recommends the effective date be December 31, 2024.<sup>18</sup>

Concerning billing procedures, Evergy recommends the Commission approve the Company’s proposed billing procedures. These billing procedures were 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.<sup>19</sup>

Based on the Company’s initial examination, the billing procedures proposed by Staff are not inherently supported by the Company’s current billing system or processes, but they are

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<sup>16</sup> Tr. 83-84; 60-61.

<sup>17</sup> Ex. 2, Lutz Direct, pp.12-13.

<sup>18</sup> Id. at 4.

<sup>19</sup> Ex. 3, Lutz Rebuttal, p. 16.

logical and feasible.<sup>20</sup> However, to execute Staff's proposed procedures would require configuration of the Company's systems and definition of new supporting processes, and additional time to configure and implement in the Company's billing system relative to the Company's proposal.

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 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.<sup>21</sup> 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.<sup>22</sup>

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

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<sup>20</sup> Id. at 8.

<sup>21</sup> Id. at 8-9.

<sup>22</sup> Id. at 9.



determine exactly how much time would be needed to execute the billing procedures proposed by Staff, but Mr. Lutz estimates, based on the time required for the Company proposal, an additional four to six months would be needed.<sup>23</sup> A second concern with Staff's proposed billing procedures 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.<sup>24</sup>

2. **Should SSP participants be allowed to take service on schedule RTOU2? If so, what are appropriate billing provisions and when should those provisions take effect?**
3. **Should SSP participants be allowed to take service on schedule RTOU3? If so, what are appropriate billing provisions and when should those provisions take effect?**
4. **Should SSP participants be allowed to take service on schedule RTOU? If so, what are appropriate billing provisions and when should those provisions take effect?**

As explained during the evidentiary hearings, the Company agrees with Staff that the Commission may properly determine that it is appropriate that customers not be able to participate in the SSP Program while taking service on more-differentiated TOU rate schedules.<sup>25</sup> The Company understands that SSP participants are primarily interested in access to renewable energy, not access to a specific retail rate. Participants are currently limited to the RPKA option, and the Company has not observed cancellation of subscriptions or received customer inquiries concerning the unavailability of other TOU rates. Limiting rate availability to the RPKA rate and continuing with the current approach would eliminate the need for further bill system configuration and would avert a need for the Commission to establish a method for

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<sup>23</sup> Id.

<sup>24</sup> Id. at 10.

<sup>25</sup> Tr. 11-14.

allocation of solar resource output between the TOU periods.<sup>26</sup>

If, however, the Commission decides to expand TOU availability and allow SSP participants to take service on Schedules RTOU2, RTOU3 and RTOU, then the billing provisions offered by the Company would take effect no earlier than December 31, 2024. This date is feasible for making the changes necessary to accommodate the expansion and billing of the SSP provisions for the additional TOU offerings as proposed by the Company. However, if the Commission adopts Staff's billing provisions, then an addition four to six months would be required to configure the billing system.<sup>27</sup>

Concerning billing provisions, Evergy recommends the Commission approve the Company's proposed billing procedures. These billing procedures were 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.<sup>28</sup> See also the discussion of billing procedures under Issue No. 1 above.

The billing of participants under the SSP tariff includes manual elements to enable the monthly billing. Specifically, the monthly solar resource production is apportioned to participants based on their subscribed shares. Under the current methods this results in a single value to be incorporated in the monthly bill calculation. To accommodate the SSP tariff for period-based TOU rates, the TOU rates other than the RPKA tariff, these processes will be modified to apportion the monthly solar production to each of the time periods of the respective TOU rate. For example, the 3-period TOU rate would have three values to incorporate into the monthly bill calculation for each participant.<sup>29</sup>

Allowing participants to receive service under the period-based TOU rate designs will

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<sup>26</sup> Ex. 4, Lutz Surrebuttal, p. 10.

<sup>27</sup> Ex. 3, Lutz Rebuttal, p. 12.

<sup>28</sup> Id. at 16.

<sup>29</sup> Ex. 2, Lutz Direct, pp. 10-11.

increase the complexity of the monthly customer billing. In order to accommodate the addition of RTOU, RTOU2 and RTOU3 to the SSP, Evergy discussed with Staff the concept of allocating the Hawthorn solar resource production. Methods of that allocation varied. When discussions with Staff ended in early September 2023 with the filing of the Staff Complaint, File No. EC-2024-0092, the Company endorsed a fixed monthly allocation using actual solar resource energy output data from the Evergy Greenwood Solar Facility as the basis. That approach is represented in the proposed tariff modification in this case. Below is the proposed language by the Company:

After October 1, 2024, for Residential Customers receiving service under Schedules RTOU-2, RTOU, RTOU-3, the Participant's share of the solar resource energy production will be allocated between peak and non-peak hours based on the fixed allocation of 55% peak and 45% non-peak for summer billing months and 60% peak and 40% non-peak for winter billing months and then subtracted from the metered energy consumed by the Participant in the peak and nonpeak periods for the billing month. Should the solar resource energy production amount for a given month's peak or non-peak period be larger than the Participant's metered energy consumption, the net energy will be zero for that month.<sup>30</sup>

In this case, Staff offers revised language for billing of customers under the Schedule 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”). Staff captures these proposed changes as well as other tariff language changes in a specimen tariff attached to the direct testimony of Ms. Lange.<sup>31</sup> Staff is proposing a two-step method that would be customer-specific and require manual adjustments every month to the bills of each participant in the SSP Program. Evergy's billing system won't automatically accommodate the Staff's approach, and Evergy does not

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<sup>30</sup> Evergy Missouri Metro P.S.C. MO. No. 7, 6th Revised Sheet 39B; Evergy Missouri West P.S.C. MO. No. 1, 4th Revised Sheet 109.2. Please note that the referenced tariffs contain proposed language pending before the Commission; see, Tracking Nos. JE-2024-0081 / 0082.

<sup>31</sup> Ex. 100, Lange Direct, Schedule SLKL-d2 (Monthly Billing).

believe it is the best way to reflect the difference between peak and off-peak consumption in the program.

As explained by Mr. Lutz, based on Evergy's initial examination of the Staff's proposal, 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 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.<sup>32</sup>

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.<sup>33</sup>

Additional problems would exist if the Commission adopted Staff's proposed approach

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<sup>32</sup> Ex. 3, Lutz Rebuttal, pp. 8-9.

<sup>33</sup> Id. at 9.

to the billing provisions. First, these configuration complexities draw into question the timing of compliance following an Order in this case. 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 by Staff 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 Mr. Lutz estimates, based on the time required for the Company proposal, an additional four to six months would be needed.<sup>34</sup>

A second concern is with disproportionate cost. The expected configurations needed to implement the Staff approach 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.<sup>35</sup>

Under Evergy's proposal, 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.<sup>36</sup>

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<sup>34</sup> Id.

<sup>35</sup> Id. at 10.

<sup>36</sup> Id. at 10.

As explained above, the Company's proposed billing procedures are achievable by December 31, 2024. However, it would take four to six months longer to implement Staff's more complex approach.

Staff raised concerns about participants unsubscribing because of the lack of TOU rate options.<sup>37</sup> However, there is no evidence that participants are unsubscribing due to the lack of TOU options. Further, the Company has been able to maintain a waitlist of interested customers to help keep the program fully subscribed. The Company is seeing higher levels of interest from non-residential customers, a group not impacted by rate availability concerns, and their inclusion in the SSP Program waitlist will further protect against less than full subscription of the resource. According to Mr. Lutz, Evergy is not concerned that limited rate choice is a driver for residential subscription level changes.

To the Company's knowledge, it has not experienced SSP Program participants unsubscribing as result of being migrated to the RPKA rate or as a result of not providing an alternative TOU rate from which to choose. Prior to the Commission's Amended Report and Order (ER-2022-0129/0130) to transition all residential customers to TOU rates and removing legacy blocked rates, nearly all subscribers had enrolled in the SSP Program. That said, if SSP Program participants do choose to leave the SSP Program because they are unable to select period-based TOU rates, the Company maintains a waiting list and will be able to keep the SSP Program fully subscribed. As of February 16, 2024, the SSP Program is fully subscribed with 491 Evergy Missouri Metro participants (2,800 shares) and 256 Evergy Missouri West participants (1,800 shares). Evergy currently has a waitlist of customers, which includes 61 Evergy Missouri Metro customers (421 shares) and 91 Evergy Missouri West participants (558 shares). The waiting list represents 18 percent of subscribed shares for Evergy Missouri Metro

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<sup>37</sup> Ex. 100, Lange Direct, pp. 10-11.

and 31 percent of subscribed shares for Evergy West. There is no evidence in the record that demonstrates that being limited to the RPKA tariff is a cause for customers to unsubscribe from the program.<sup>38</sup>

Again, just to re-iterate, these billing provision concerns will not exist if the Commission decides to wait to expand the SSP Program to other TOU rate options until the next solar facility is added to the SSP Program. This more modest approach makes sense to Evergy, and achieves the objective of expanding the availability of the SSP Program to all TOU customers over time.

**5. Should SSP participants be allowed to take service on schedule RTOU-EV? If so, what are appropriate billing provisions and when should those provisions take effect?**

No. Evergy agrees with Staff that the RTOU-EV is a separately metered rate not intended for general customer use.<sup>39</sup> Customers would be able to participate in the SSP under their primary meter and should not be given a second opportunity to subscribe under the RTOU-EV separate tariff.

**6. Should provisions to clarify the non-bypassability of any SUTC in the application of SSP billing provisions be incorporated into the SSP tariff?**

Staff proposes to detail in the tariffs that the Securitized Utility Tariff Charge (“SUTC”) applied as part of Schedule SUR be applicable to all metered kWh and not reduced by the solar resource energy production. Evergy believes this is a reasonable proposal.<sup>40</sup>

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<sup>38</sup> Ex. 2, Lutz Direct, p. 13.

<sup>39</sup> Staff Position Statement, p. 5; Evergy Position Statement, p. 6.

<sup>40</sup> Ex. 3, Lutz Rebuttal, p. 15; Evergy Position Statement, p. 6.

**7. Should the SSP Solar Block Cost pricing be changed and if so when should that change take effect?**

For the reasons stated herein, the Commission should approve the SSP Solar Block Cost rate, as proposed by Evergy in this proceeding. It should become effective on the effective date of the approved tariffs.

The Solar Block Subscription Charge is made of two costs: the Solar Block Cost and the Services and Access charge. Evergy is proposing changes to the Solar Block Cost and is not recommending any changes to the Services and Access charge. Evergy requests to increase the Solar Block Cost from \$0.0884 to \$0.09131 per kWh to reflect the final, actual construction costs of the Hawthorn solar array.<sup>41</sup>

Company witness Kevin Brannan addresses proposed changes to the Solar Block Cost. He describes the proposed increase to the Solar Block Cost associated with final engineering, procurement, and construction and ongoing operation and maintenance costs associated with the Hawthorn solar resource.<sup>42</sup> Mr. Brannan details the Hawthorn solar resource built to serve the SSP Program and discusses the proposed modification to the SSP tariff to update the Solar Block Cost associated with final engineering, procurement, and construction (“EPC”) and ongoing operation and maintenance (“O&M”) costs of the Hawthorn solar array.

Construction of the Hawthorn Solar Facility to support the SSP Program was completed in December 2022, and it was determined to be in service as of May 29, 2023. As of December 31, 2023, the SSP Program enrollment for the Missouri resource allotted capacity is at 100 percent of resource capacities. Evergy is maintaining a waitlist that currently consists of 68 customers or 534 shares in Missouri Metro and 94 customers or 562 shares in Missouri West.<sup>43</sup>

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<sup>41</sup> Ex. 1, Brannan Direct, p. 4.

<sup>42</sup> Id. at 3-9.

<sup>43</sup> Id. at 3.



The purpose and timing of this pricing change has been anticipated since the Company proposed the pilot program and received Commission approval of the solar subscription pilot tariff in File Nos. ER-2018-0145/0146. All parties have been aware of the pricing change process and the Company has been working to complete this process. The additional revenue produced from this change is approximately \$93,000 per year over the service life of the Hawthorn solar plant.<sup>44</sup>

The expectation of updated pricing was first identified in Company testimony of Bradley D. Lutz when it proposed the SSP Program in File Nos. ER-2018-0145/0146. In his direct testimony, Mr. Lutz stated:

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

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 subsequent rate case. The Charge may increase or decrease due to these provisions.<sup>45</sup>

As noted in Mr. Lutz's testimony, the Solar Block charge was expected to be modified if the proposed rates did not appropriately reflect the costs of the initial system after the Company has a firm estimate of the cost. The interconnection charge, on the other hand, would be changed in a subsequent rate case.

The final tariff<sup>46</sup> established in the File Nos. ER-2018-0145/0146 case specified the Solar Block cost was an estimate, with the cost to be updated after a project is selected and established a not to exceed cost.

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<sup>44</sup> Ex. 3, Lutz Rebuttal, p. 3.

<sup>45</sup> Ex. 3, Lutz Rebuttal, pp. 3-4 citing Direct Testimony of Bradley Lutz, ER-2018-0145/0145, page 12, line 1.

<sup>46</sup> Id. at p. 4, citing Solar Subscription Pilot Rider, Schedule SSP, Second Revised Sheet 39A, ER-2018-0145/0146, YE-2019-0084/0085.

## 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
2. The Services and Access charge of \$0.038 per kWh.

Then, as more detail was available concerning the resource and the status of the SSP program enrollment, the Company offered testimony of Kimberly Winslow in File Nos. ER-2022-0129/0130 case to confirm its intent to update the charges once the solar facility was completed. Specifically, the testimony of Kimberly Winslow stated:

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>47</sup> (emphasis added)

Thus, the Company has taken steps in this ET- case as provided for in previous program tariff approvals to update the Solar Block Cost now that Hawthorn solar array that supports the SSP Program is constructed and in-service. The Company's proposed pricing change in this case comply with the limitations set out in the tariff. The proposed rate of \$0.09131 per kWh remains less than the approved "not to exceed" amount for the Solar Block Cost. Further, Staff acknowledges the proposed rate is near the middle of a high-low range of prices using the levelized cost of energy model with adjusted assumptions outlined.<sup>48</sup>

In the original tariff that approved the SSP Program in File Nos. ER-2018-0145/0146, the following section on pricing was included the following related to pricing:

**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:

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<sup>47</sup> Ex. 3, Lutz Rebuttal, p. 4, citing Direct Testimony of Kimberly Winslow ER-2022-0129 and ER-2022-0130; p. 39.

<sup>48</sup> Ex. 103, Direct Testimony of Cedric Cunigan, p. 3, line 12.

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 2. The Services and Access charge of \$0.038 per kWh. The Solar Block cost is defined by the total cost of the solar resources built to serve the program. The Services and Access charge will be adjusted when rates are reset in future rate cases by the average percentage change to volumetric rates in those future rate cases, unless a party provides a cost study demonstrating that it would be unreasonable to adjust the Services and Access. When an additional solar resource is added to the Program, the levelized cost of the new solar resource will be averaged with the remaining levelized cost of existing solar resource(s) to determine the new price for the cost of the Solar Block. Additional solar resources will be added only if the price is less than or equal to the previous price or otherwise deemed beneficial relative to the standard rates.<sup>49</sup>

Evergy's currently effective tariff also authorizes the use of an updated cost once the project costs were known:

### **PRICING**

The Solar Block Subscription Charge for energy sold through this Program is estimated to be \$0.1284 per kWh, made up of two costs:

1. The Solar Block cost of \$0.0884; and
2. The Services and Access charge of \$0.040 per kWh.

The Solar Block cost is defined by the total cost of the solar resources built to serve the program. The Services and Access charge will be adjusted when rates are reset in future rate cases by the average percentage change to volumetric rates in those future rate cases, unless a party provides a cost study demonstrating that it would be unreasonable to adjust the Services and Access. When an additional solar resource is added to the Program, the levelized cost of the new solar resource will be averaged with the remaining levelized cost of existing solar resource(s) to determine the new price for the cost of the Solar Block. Additional solar resources will be added only if the price is less than or equal to the previous price or otherwise deemed beneficial relative to the standard rates.<sup>50</sup>

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<sup>49</sup> P.S.C. MO. No. 7 Revised Sheet No. 39A, effective December 6, 2018, Pricing Section; See also Ex.105, Cunnigan Surrebuttal, pp. 2-3. (emphasis added).

<sup>50</sup> Ex. 109, EMW Tariff, P.S.C. Mo. No. 1, 1st Revised Sheet No. 109.1.

Staff recommends rejection of the rate change, not because the change is not reasonable, but instead because it is Staff's legal opinion that rates must not be changed outside of a general rate case. The Commission should reject this position.

Evergy's SSP tariff provides the legal authority to make the Solar Block rate changes contemplated by the Solar Subscription Rider program as well as the Commission's statutory authority to prescribe just and reasonable rates for electric service. The tariffs itself authorize the rate changes as the cost of the solar facility is finalized. The tariff also authorizes changes as new solar facilities are added to the SSP.

Rates and tariffs approved by the Commission in accordance with the statutes have the same force and effect as if directly prescribed by the Legislature. Midland Realty Co. v. Kansas City Power & Light Company, 57 S.Ct. 345, 300 U.S. 109, 113, 81 L.Ed. 540 (1937); State ex rel. Utility Consumer's Council of Missouri v. Public Service Commission, 585 S.W.2d 41, 48 (Mo. Banc 1979); State ex rel. Jackson County v. Public Service Commission, 532 S.W.2d 20, 28 (Mo. Banc 1976). As a result, the Commission-approved tariff authorizing the SSP is the legal authority necessary to implement the Solar Block rate change, as contemplated by the approved tariff as well as Section 393.140(11) and 393.270, RSMo.

There is no practical reason to wait for a rate case to authorize the rate change to reflect the final cost of the Hawthorn solar facility in the Solar Block rate. Quite to the contrary, to require a general rate case to implement the change to reflect the final cost could have adverse effects on the SSP Program.

First, since the SSP Program is a joint program between EMM and EMW, it is probable that the Solar Block rate charges would become out of sync between the companies since EMM and EMW may be filing general rate cases at different times to reflect their financial

conditions. As result, the Solar Block charges for EMW may differ from the Solar Block charges for EMM merely because of the timing of the rate cases.

Second, the SSP Program contemplates the addition of new solar resources in the future which would be averaged into the existing Solar Block rate if the costs of the new solar facility were lower than the Hawthorn costs, or alternatively, a new Solar Block rate would be established for new SSP Program subscribers if the costs were otherwise result in a higher Solar Block cost. If the Commission requires that any Solar Block rate change be made only in rate cases, this Commission finding would delay the expansion of the SSP.

During opening statements, Staff counsel stated that Staff opposes the change in the Solar Block rate based upon the filed-rate doctrine, and its corollary prohibition against single-issue rate-making.<sup>51</sup> Neither legal concept is applicable to this case.

In State ex rel. AgProcessing, Inc. v. Public Service Commission, 311 S.W.3d 361, 365 (Mo.App. 2010), the court explained the file-rate doctrine as follows:

The filed rate doctrine ... precludes a regulated utility from collecting any rates other than those properly filed with the appropriate regulatory agency.” State ex rel. Associated Natural Gas Co., 954 S.W.2d at 531. “This aspect of the filed rate doctrine constitutes a rule against retroactive ratemaking or retroactive rate alteration.” Id. Retroactive ratemaking is defined as “the setting of rates which permit a utility to recover past losses or which require it to refund past excess profits collected under a rate that did not perfectly match expenses plus rate-of-return with the rate actually established.” State ex rel. Util. Consumers' Council of Mo., 585 S.W.2d at 59. The filed rate doctrine's rule against retroactive ratemaking has an “underlying policy of predictability, meaning that if a utility is bound by the rates which it properly filed with the appropriate regulatory agency, then its customers will know prior to purchase what rates are being charged, and can therefore make economic or business plans or adjustments in response.” State ex rel. Associated Natural Gas Co., 954 S.W.2d at 531 (emphasis added). In other words, the approved tariffs are to “provide advance notice to customers of prospective charges, allowing the customers to plan accordingly.” Id.<sup>52</sup>

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<sup>51</sup> Tr. 28.

<sup>52</sup> State ex rel. AG Processing, Inc. v. Public Service Com'n, 311 S.W.3d 361, 365 (Mo.App. W.D.,2010).

In this case of the SSP Program, subscribers to the program pay the properly filed rates that are approved by the Commission. These rates are published in the Company's tariffs and billed accordingly. Nor is there any "retroactive ratemaking" which permits the utility to recover past losses or which required a refund of past excess profits. Staff's argument is misplaced and should be rejected.

Secondly, there is no single-issue ratemaking in this case. In State ex rel. AgProcessing, Inc. v. Public Service Commission, the Missouri Supreme Court discussed the single-issue ratemaking doctrine and found that the Purchased Gas Adjustment ("PGA") clause did not constitute "single-issue ratemaking":

[U]nlike the FAC, the PGA is not a formula stuck into the posted rates. Rather, the companies must set a specific PGA amount and post it as part of their rates. It is a rate, not a formula; the consumer reviewing it knows exactly what he or she is being charged. The PSC conducts a prudence review of each PGA clause and has authority to disapprove them initially. The rate and any adjustments to it are again reviewed by the PSC when it conducts a later prudence review of the PGA and of any ACA adjustment. That it would do so was a part of the PSC's rationale in permitting the use of a PGA in the first instance. In these circumstances, we do not believe that the use of a PGA mechanism violates the principle of single-issue ratemaking.<sup>53</sup>

Similarly, the Solar Block rate in the SSP Program is not a formula that automatically changes the rate over time. The subscriber of the SSP Program knows exactly what he or she is being charged for the program. The Commission reviews the proposed rate and has authority to approve or disapprove it. The Solar Block rate will again be reviewed when additional solar facilities are added to the program, or in any subsequent prudence review of the SSP Program.

Staff may cite State ex rel. UCCM v. Public Service Commission, 585 S.W.2d 41 (Mo.banc 1979) which invalidated the Fuel Adjustment Clause in 1979 to bolster its argument regarding single-issue ratemaking. However, the UCCM case is distinguishable from the

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<sup>53</sup> State ex rel. Midwest Gas Users' Ass'n v. Public Service Commission, 976 S.W.2d 470, 480 (Mo.App. W.D.,1998).

current case involving the SSP. Unlike the current case, the UCCM case involved a FAC which was a “formula stuck into the tariffs”<sup>54</sup> and the rate was not specifically approved by the Commission. In this case, Evergy has presented its proposed Solar Block rate for review and approval by the Commission. As a result, it is distinguishable from the facts surrounding the UCCM case.

Section 393.140(11) and 393.270 RSMo. also establish the Commission’s authority to review Evergy’s tariffs and establish its rates for its electric service. These statutes are legal authority together with the Commission-approved tariffs related to the SSP Program for approving the Solar Block rate in this case.

Staff also raised an issue for the first time in the surrebuttal testimony of Cedric E. Cunigan and implied that Evergy improperly began billing for the SSP Program before the Hawthorn solar facility was “in-service”.<sup>55</sup> This implication is incorrect. Evergy billed Subscribers for the SSP Program after the SSP tariff was effective and individual subscribers signed up for the SSP Program. The Hawthorn solar facility was in operation providing solar electric service, although it was not yet in Evergy’s rate base. Section 393.135 RSMo<sup>56</sup> prohibits rates based upon construction-work-in-progress (“CWIP”). As a result, generation plant facilities such as the Hawthorn solar facility are not included in the Company’s rate base and Evergy is not allowed to earn a return on its investment until after the plant meets the in-service criteria. Evergy Missouri West expects the Hawthorn solar facility will be included in its rate base in the pending rate case, File No. ER-2024-0189, at which time the Company will be allowed to begin earning a return on its investment. Section 393.135 does not preclude the

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<sup>54</sup> Id.

<sup>55</sup> Ex. 105, Cunnigan Surrebuttal, pp. 3-4.

<sup>56</sup> Section 393.135 RSMo states: ” **Charges based on nonoperational property of electrical corporation prohibited.** — Any charge made or demanded by an electrical corporation for service, or in connection therewith, which is based on the costs of construction in progress upon any existing or new facility of the electrical corporation, or any other cost associated with owning, operating, maintaining, or financing any property before it is fully operational and used for service, is unjust and unreasonable, and is prohibited.

billing for services under the SSP Program after the tariff for the SSP program was approved and became effective.

For these reasons, the Commission should approve the Solar Block rate change proposed by Evergy in this case.

**8. Should the SSP Non-Residential subscription level terms be changed?**

Under the Subscription Level section of the current SSP tariff states, both residential and non-residential participants may subscribe to Solar Blocks that, when combined, are expected to generate up to 50 percent of their annual energy. Under these terms all subscribers are held to the same limitation. However, residential and non-residential customers have distinct energy consumption patterns and receive service through different rate schedules reflecting the costs and components associated with that service. In working with participants, particularly non-residential participants, it has become clear to the Company that these customers often have sustainability goals or mandates for renewable energy that could be satisfied with higher levels of subscription. The Company believes it is reasonable to maintain the 50 percent of annual energy limitation for residential participants as oversubscription could expose customers to unwanted costs. However, Evergy proposes to increase the subscription level for non-residential customers to 100 percent of their annual energy consumption to assist non-residential customers in achieving their sustainability goals or mandates.<sup>57</sup>

**9. Should the SSP program expansion terms regarding the addition of resources and the removal of the three-month waiting period for Non-Residential customers be changed?**

In 2018, when the SSP tariff was first designed, cost trends signaled that solar resources costs would reduce in the future. Under that expectation, restricting program to expansion only if the resource cost less than or equal to the cost of the original solar resource

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<sup>57</sup> Ex. 2, Lutz Direct, pp. 18-19.



made sense as it would insure ongoing cost reduction for participants. Unfortunately, the market for solar resources developed differently than expected. Supply chain limitations, material costs, and inflation have contributed to keep solar resource prices higher than once expected. Lower prices for future expansion is not guaranteed.<sup>58</sup>

The Company has also continued to receive customer interest in the SSP Program. Some customers are interested in participation even if the subscription prices are higher. The Company is seeking to modify the terms associated with program expansion to allow the option to expand without restriction due to cost. Customers who want to subscribe to the SSP Program utilizing a resource that may have a different cost than the Hawthorn resource will do so voluntarily. Similar to the Hawthorn solar construction, the Company will develop an estimated cost for participation and then that estimated cost will be tried up upon final construction. At the same time, the proposed terms would provide for sharing of lower solar resource prices through levelized pricing and would establish distinct pricing for solar resources that cost more than the preexisting solar resources. This protects participants already paying a Solar Subscription Charge based on the Hawthorn resource from the potential higher costs of future resources, while giving them a benefit for participating if the future cost of resources decreases. The proposed language is:

When an additional solar resource is added to the Program, if the Solar Block cost associated with new additional resource costs less than the previous solar resource, then the levelized cost of the new solar resource will be averaged with the remaining levelized cost of existing solar resource(s) to determine the new price for the cost of the Solar Block. If the Solar Block cost of the new additional resource costs more than the previous solar resource, then the levelized cost of the new solar resource will not be averaged with the remaining levelized cost of the existing solar resource(s). Enrolled subscribers on the waiting list for the new solar resource will pay the Solar Block cost for the new resource while previous

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<sup>58</sup> Id. at 16.

participants will continue to pay the lower Solar Block cost of the previous resource(s) already in operation.<sup>59</sup>

The Company also recommends removing the current three-month waiting period included in the SSP tariff. The Availability section of the current SSP tariff states:

Total participation of non-residential Customers will be limited to no more than 50 percent of the total solar resource capacity during the first three months of the solar resource in-service date. After three months, at the Company's sole discretion, all available solar resource capacity may be made available to all eligible customers.

These terms were added to ensure that residential customers are given sufficient time to subscribe to the initial resource established for the SSP Program, and the terms were successful resulting in 99% of the participants being residential customers. Going forward, the wait list now serves as the means for ensuring participation by residential customers. Participants are served on a first come, first served basis.<sup>60</sup>

**10. Should Evergy pay subscribers for any excess generation of the solar resource at the parallel generation rate?**

Evergy and Staff agree that the existing SSP tariff does not pay subscribers for excess generation of the resource and does not contemplate who would benefit from the revenues from energy that exceeds a subscribers' usage.<sup>61</sup> Evergy has proposed language to allow subscribers to be credited for the net excess energy at the current rate in the Company's Parallel Generation tariff.

**WHEREFORE**, the Company respectfully submits its Post-Hearing Brief to the Commission and requests that its positions on the issues be adopted.

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<sup>59</sup> Ex. 2, Lutz Direct, p. 17.

<sup>60</sup> Ex. 4, Lutz Surrebuttal, p. 4.

<sup>61</sup> Staff Position Statement, p. 6; Evergy Position Statement, p. 10.

Respectfully submitted,

*/s/ Roger W. Steiner*

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**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, to the Staff of the Commission and to the Office of the Public Counsel this 19<sup>th</sup> day of April 2024.

*/s/ Roger W. Steiner*

**Attorney for Evergy Missouri Metro and  
Evergy Missouri West**