Exhibit No.:	
Issue:	Response to Staff Report
Witness:	Brian A. File
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Evergy Missouri Metro and Evergy Missouri West
Case No.:	EO-2023-0407 / 0408
Date Testimony Prepared:	April 29, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: EO-2023-0407 / 0408

SURREBUTTAL TESTIMONY

OF

BRIAN A. FILE

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

Kansas City, Missouri
April 2024

SURREBUTTAL TESTIMONY

OF

BRIAN A. FILE

Case Nos. EO-2023-0407 / 0408

Q: Please state your name and business address.

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

Q: Are you the same Brian A. File who previously filed Direct testimony in this case on February 27, 2024?

A: Yes, I am.

Q: On whose behalf are you testifying?

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

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to respond to the Commission Staff ("Staff") and Office of the Public Counsel ("OPC") rebuttal testimony proposing disallowances related to relevant expenses to deliver MEEIA programs and proposed disallowances related to Nucor-Sedalia's Business Demand Response program participation.[1]

Q: Do you have a response to Ms. Conner's argument that Implementation Contractor's expenses should be disallowed and could have happened without MEEIA?

A: I appreciate and agree that there should be oversight of implementation contractors' costs, because in fact it is our fiscal responsibility to manage our MEEIA budgets (including all

[1] See Manzell M. Payne Rebuttal Testimony, p. 4, lns. 1-10. Disallowance discussed in this testimony is related to Nucor-Sedalia site.

costs) to the regulatory parameters set. The logic that we would have incurred the costs from MEEIA program implementers without MEEIA does not make logical sense to me. There is a clear tie that these contractors would not be working for Evergy in this capacity without MEEIA, so we are abiding by the guiding principle agreed upon between Staff, stakeholders and Evergy[2].

Q: Mr. Hull asserts that Nucor-Sedalia's demand savings are deemed[3]. Is that correct?

A: No. The demand savings for Nucor-Sedalia were measured for each event using AMI data specific to Nucor-Sedalia's participation. The savings are not deemed. It is possible that Mr. Hull is confusing the Technical Resource Manual use in the MEEIA EM&V construct with how participation in the Business Demand Response program is measured. Business Demand Response program impacts (in this case kW demand reduction) are measured by a third-party contractor, which is then reviewed by Staff's auditor, for each Business Demand Response customer based on the events the customer participated using interval meter data - specific to that customer.

Q: How do you respond to Mr. Hull's assertion that "Staff has not been provided any real evidence showing how customer bills were inherently lowered by Nucor-Sedalia being able to participate"[4] in the Business Demand Response program?

A: Staff's statement seems to signal they are missing how DSM relates to Integrated Resource Plan ("IRP") planning. At a very basic level, the Business Demand Response program, which is just one program within our MEEIA portfolio, is offered to our business customers to reduce peak demand during the summer, which drives Evergy's ability to defer new

[2]See, *Unanimous Partial Stipulation and Agreement*, MEEIA Cycle 2 Second Prudence Review Evergy Metro and West, p. 3 paragraph 4, File No. EO-2020-0227.
[3] Jordan Hull Rebuttal testimony, p. 2, lns. 14-15.
[4] Id., p. 2, lns. 10-11.

supply-side resources. Nucor-Sedalia reduced significant load through the Business Demand Response program. Evergy's IRP evaluates many plans and scenarios – which includes DSM and the Business Demand Response program. The IRP selects the plan that minimizes the net present value of revenue requirements. Again, at a very basic level, the selected plan is sought to be the plan that minimizes customer bill impact; aka how much customers ultimately pay in the long run through their bill for said resources. I disagree with Staff that they have not seen any evidence – they have indeed through our IRP planning process.

Q: Can we draw a direct line from that to Nucor-Sedalia's participation?

A: Yes, let's keep playing out the Nucor situation to follow how benefits happen. The benefits from demand reduction by Evergy's customers through MEEIA programs come through resource adequacy planning with Southwest Power Pool. Those benefits develop as we build both demand-side programs over time and evaluate supply-side resource needs. It is important to recognize that demand-side programs must be developed before supply-side needs are critical. It is not realistic for Staff to assume that benefits of DSM realized are simultaneous with the incurrence of MEEIA costs. Otherwise, it would mean that we would always be chasing capacity through the market or building more expensive supply-side options (versus demand-side). I don't believe there is a utility operator, regulator or customer who would find it to be prudent and reasonable to so closely tie supply and demand for generation resources.

Q: Isn't the avoided capacity cost used in the MEEIA process just a "theoretical benefit"[5] though as Mr. Hull describes?

A: Absolutely not. Again, I am surprised by this statement because Staff doesn't fully take into account how DSM is used in the utility planning process and why it is relied upon as a resource. Mr. Hull's comment undercuts the entire foundation of demand-side management; it does not recognize the importance of benefit/cost tests; nor does it acclaim MEEIA and prior Commission approvals on DSM. The avoided cost and benefit issue has been presented to the Commission multiple times recently (KCP&L/GMO Cycle 2, Ameren Cycle 2, Evergy Cycle 3, Ameren Cycle 3). In Evergy's MEEIA Cycle 3, the Commission specifically ordered that the use of the avoided capacity costs of market prices was the best to utilize in terms of **valuing** demand-side reductions[6]. To value means to ascribe importance, worth or benefit. The standard approved by the Commission is exactly how I demonstrated in my Direct testimony that Nucor-Sedalia's demand reduction was beneficial to all customers using the avoided cost approved in MO West's MEEIA Cycle 3. Now, this value would be even greater if Evergy were to request a change to the SIL tariff contract allowing Nucor-Sedalia to participate in future years.

Q: What do you mean by your comment that the value is now greater if Nucor-Sedalia were to participate?

A: At the time of the Every MEEIA Cycle 3 Order (March 2020), the capacity position of SPP and Evergy is different than of that in the short-term. As will likely be discussed in future MEEIA cases, a few new drivers, (e.g., increased extreme weather risks, increased reserve

[5] Jordan Hull Rebuttal testimony, p. 3, ln. 3.
[6] *Amended Report and Order*, issued March 11, 2020, p. 26, paragraph 3, File Nos. EO-2019-0132/0133.

capacity needs, accreditation modeling, new large customer loads), have developed to make capacity more valuable in the short- and medium- term.

Q: Why should the Commission allow Evergy to earn an earnings opportunity for Nucor-Sedalia's participation in the Business Demand Response program in this case if the SIL tariff prohibited participation in the program?

A: It should be evident to the Commission that Nucor-Sedalia's participation in the program reduced overall system peak demand (net of other changes) and created value for all customers as I addressed above. However, I will further elaborate on this point. Assuming that we can all agree that the Nucor-Sedalia did in fact reduce demand during the review period (which independent third-party evaluators analyzed from AMI data and Staff's auditor reviewed), then the mechanism for Evergy to recover earnings opportunity still exists in the earnings opportunity matrix approved by the Commission in this case. The fact that Nucor-Sedalia created value for all customers from its demand reduction through its participation in the Business Demand program should mean that the Company should receive the earnings opportunity associated with their demand reduction.

Q: If the Commission disallows Evergy's earnings opportunity associated with Nucor-Sedalia's demand reduction through its participation in the Business Demand program, how should the Commission handle the corresponding customer benefit from the participation?

A: It seems the Staff is advocating to "clear the slate" as if Nucor-Sedalia's Business Demand Response program participation never happened thereby removing the portion of benefits that all customers received from Nucor-Sedalia's participation. Following Staff's logic, the Commission should also remove all the benefits that all customers received as part of

Nucor-Sedalia's participation. In this case we would have to charge back to customers the cost of capacity that was approved by the Cycle 3 Order as Evergy would have had to procure that instead. To be clear, I am not advocating for removal of customer benefits in this case, but I am explaining how this line of thinking is illogical.

Q: OPC witness Payne discusses the Commission's statutory penalty authority at pp. 8-9 of his rebuttal testimony. Please respond.

A: This topic is a legal matter. The Company will address in its briefs the Commission's imposition of penalties in past cases. However, I would like to stress that in this case that the Nucor-Sedalia's participation in the Business Demand Response program was not detrimental to the public safety and had no detrimental impact on other customers. To the contrary, all customers benefitted from Nucor-Sedalia's participation in the Business Demand Response program. While the Company may have inadvertently allowed Nucor-Sedalia to participate in the Business Demand Response program, there was no harm to other customers, and instead the participation produced a system-wide benefit.

Q: Do you agree with OPC's calculation of the maximum penalty ($2,000 multiplied by 1,187 days equals $2,374,000) that the Commission could order in this case?

A: No. Aside from the fact that that kind of penalty would be completely inappropriate for inadvertently permitting a customer to participate in DSM program, the number of potential days of violation is grossly overstated by Mr. Payne. Nucor-Sedalia participated in Business Demand Response on four days in 2021 and seven days in 2022 for a total of 11 days during the review period.

Q: Do you agree that OPC's calculation of the maximum penalty "should be a guide for the Commission when evaluating a disallowance amount for Evergy Missouri West's next DSIM for violating its tariff and allowing Nucor-Sedalia to receive incentives?" (p. 9, Manzell Rebuttal)

A: No. Not only does the amount not provide any guidance for this case since the Company's actions were inadvertent, it is also not applicable for evaluating the Company's next DSIM.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Second Prudence Review of the Missouri Energy Efficiency Investment Act (MEEIA) Cycle 3 Energy Efficiency Programs of Evergy Metro, Inc. d/b/a Evergy Missouri Metro.	)))))	Case No. EO-2023-0407
In the Matter of the Second Prudence Review of the Missouri Energy Efficiency Investment Act (MEEIA) Cycle 3 Energy Efficiency Programs of Evergy Missouri West, Inc. d/b/a Evergy Missouri West.	)))))	Case No. EO-2023-0408

AFFIDAVIT OF BRIAN A. FILE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Brian A. File, being first duly sworn on his oath, states:

1. My name is Brian A. File. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Director – Demand-Side Management, Energy Efficiency.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of seven (7) 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.

Brian File

Brian A. File

Subscribed and sworn before me this 29th day of April 2024.

Anthony R Westenkirchner

Notary Public

My commission expires: 4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952