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no benefit verification,
IRP, Crossroads,
Energy and demand savings,
TRC calculation*

Witness: Brad J. Fortson

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

*Case Nos.: EO-2023-0369 and
EO-2023-0370*

Date Testimony Prepared: August 20, 2024

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

SURREBUTTAL TESTIMONY

OF

BRAD J. FORTSON

**EVERGY METRO, INC.,
d/b/a Evergy Missouri Metro
CASE NO. EO-2023-0369**

**EVERGY MISSOURI WEST, INC.,
d/b/a Evergy Missouri West
CASE NO. EO-2023-0370**

*Jefferson City, Missouri
August 2024*

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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **BRAD J. FORTSON**

4 **EVERGY METRO, INC.,**
5 **d/b/a Evergy Missouri Metro**
6 **Case No. EO-2023-0369**

7 **EVERGY MISSOURI WEST, INC.,**
8 **d/b/a Evergy Missouri West**
9 **Case No. EO-2023-0370**

10 Q. Please state your name and business address.

11 A. My name is Brad J. Fortson, and my business address is Missouri Public Service
12 Commission, P. O. Box 360, Jefferson City, Missouri 65102.

13 Q. Are you the same Brad J. Fortson that filed direct testimony on May 24, 2024,
14 and rebuttal testimony on July 9, 2024, in this case?

15 A. Yes, I am.

16 **EXECUTIVE SUMMARY**

17 Q. What is the purpose of your rebuttal testimony?

18 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony
19 of Evergy Metro, Inc., d/b/a Evergy Missouri Metro (“EMM”) and Evergy Missouri West, Inc.,
20 d/b/a Evergy Missouri West’s (“EMW”) (collectively “Company” or “Evergy”) witnesses
21 Mr. Brian A. File, Mr. Kevin D. Gunn, and Mr. Cody VandeVelde. I will also briefly respond to
22 the rebuttal testimony of the Office of the Public Counsel’s (“OPC”) witness Dr. Geoff Marke.

23 Staff’s surrebuttal testimony in this case substantively addresses many of the issues
24 raised in Evergy’s rebuttal testimony. Silence on a particular issue raised by Evergy in rebuttal
25 testimony, especially those that were addressed within Staff’s rebuttal testimony or Evergy’s
26 witness conjecture regarding future Staff positions, should not be construed as acceptance of
27 Evergy’s position in this case.

RESPONSE TO EVERYGY WITNESS MR. BRIAN A. FILE

Q. On page 21, of Mr. File’s rebuttal testimony he asks the question, “...How do all customers benefit by the inclusion of retail demand response programs under MEEIA?¹ How does he respond?

A. Mr. File answers by saying that,

The key question evaluated by the Ratepayer Impact Measure (“RIM”) test is “Will utility rates increase?” ...It measures whether non-participants of a program will be better or worse off in terms of rates as a result of the program. The RIM test results for the BDR² program exceed 1 which means that customers rates will be better off. ...Accordingly, all ratepayers benefit from these programs and their implementation.

Q. What is the RIM test?

A. The RIM test measures what happens to customer bills or rates due to changes in utility revenues and operating costs caused by the program. Rates will go down if the change in revenues from the program is greater than the change in utility costs. Conversely, rates or bills will go up if revenues collected after program implementation are less than the total costs incurred by the utility in implementing the program. This test indicates the direction and magnitude of the expected change in customer bills or rate levels.³ The benefits calculated in the RIM test are the savings from avoided supply costs. The costs for the RIM test are the program costs incurred by the utility, and/or other entities incurring costs and creating or administering the program, the incentives paid to the participant, decreased revenues for any periods in which load has been decreased and increased supply costs for any periods when load has been increased.⁴

¹ Missouri Energy Efficiency Investment Act.

² Business Demand Response.

³ California Public Utilities Commission, *California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects*, October 2001, pg. 13.

⁴ Ibid.

1 Q. Mr. File speaks specifically about the RIM test results for the BDR program.
2 What are the RIM results for the other programs proposed to be included in Evergy's MEEIA
3 Cycle 4 portfolio?

4 A. The following table, which uses the RIM tests from Evergy's Appendix 8.1 filed
5 as an appendix to Evergy's MEEIA Cycle 4 filing, shows the RIM results for the "umbrella"
6 residential, hard-to-reach, and business programs:
7

Table 1

	EMM				
	2025	2026	2027	2028	4-Year Total
Residential					
Whole Home Efficiency Program	0.52	0.59	0.51	0.49	0.53
Hard-to-Reach Homes					
Income-Eligible Program	0.29	0.31	0.29	0.28	0.29
Business					
Whole Business Efficiency Program	0.57	0.6	0.57	0.54	0.57
Hard-to-Reach Business Program	0.45	0.48	0.46	0.44	0.46
	EMW				
	2025	2026	2027	2028	4-Year Total
Residential					
Whole Home Efficiency Program	0.6	0.65	0.58	0.55	0.59
Hard-to-Reach Homes					
Income-Eligible Program	0.36	0.38	0.36	0.34	0.36
Business					
Whole Business Efficiency Program	0.76	0.79	0.75	0.71	0.75
Hard-to-Reach Business Program	0.5	0.52	0.5	0.48	0.5

8
9 As you can see from the table, while Mr. File focuses on the positive RIM test results
10 for the BDR program, he fails to point out the negative RIM test results for ALL of the
11 other programs.

1 Q. You mentioned the “umbrella” residential, hard-to-reach, and business
2 programs. What do you mean by that?

3 A. In its MEEIA Cycle 4 filing, Evergy has used residential, hard-to-reach, and
4 business programs as “umbrella” terms to include several subsets of programs in each.

5 Q. What subsets of programs are included under each of the residential,
6 hard-to-reach, and business programs?

7 A. Several. The following table illustrates the number of subset programs actually
8 included for Commission approval in this case:

9 **Table 2**

Residential	Whole Home Efficiency Program	Home Products
Residential	Whole Home Efficiency Program	Appliance Recycling
Residential	Whole Home Efficiency Program	Home Comfort
Residential	Whole Home Efficiency Program	Single Family New Construction
Residential	Whole Home Efficiency Program	Multi-Family New Construction
Residential	Home Energy Education Program	Building Codes Training
Residential	Home Energy Education Program	Market Influencer Training & Outreach
Residential	Home Energy Education Program	Customer Education
Residential	Home Demand Response Program	Residential Smart Thermostat (Legacy)
Residential	Home Demand Response Program	Residential Smart Thermostat (MEEIA 4)
Hard-to-Reach Homes	Income Eligible Program	Low Income Single Family
Hard-to-Reach Homes	Income Eligible Program	Low Income Multi-Family
Hard-to-Reach Homes	Income Eligible Program	Moderate Income Single Family with On-Bill Financing Option
Hard-to-Reach Homes	Income Eligible Program	Energy Savings Kits & Assessments
Hard-to-Reach Homes	Income Eligible Program	Enhanced Home Products
Hard-to-Reach Homes	Income Eligible Program	Income Eligible Single Family New Construction
Hard-to-Reach Homes	Income Eligible Program	Income Eligible Multi-Family New Construction
Hard-to-Reach Homes	Hard-to-Reach Energy Education Program	KC-LILAC
Hard-to-Reach Homes	Hard-to-Reach Energy Education Program	Market Influencer Training & Outreach
Hard-to-Reach Homes	Hard-to-Reach Energy Education Program	Customer Education

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All UHI	UHI Mitigation Program	
Business	Whole Business Efficiency Program	Business Comfort
Business	Whole Business Efficiency Program	Business Products
Business	Whole Business Efficiency Program	Business Operational
Business	Whole Business Efficiency Program	Business Custom
Business	Whole Business Efficiency Program	New Construction
Business	Hard-to-Reach Businesses Program	Enhanced Business Comfort
Business	Hard-to-Reach Businesses Program	Enhanced Business Products
Business	Hard-to-Reach Businesses Program	Enhanced Business Operational
Business	Hard-to-Reach Businesses Program	Enhanced Business Custom
Business	Hard-to-Reach Businesses Program	Virtual Energy Management
Business	Hard-to-Reach Businesses Program	No Cost Energy Assessment & Free Energy Savings Kit
Business	Hard-to-Reach Businesses Program	Social Services
Business	Business Energy Education Program	Building Operator Certification
Business	Business Energy Education Program	Building Codes Training
Business	Business Energy Education Program	Local Business Energy Benchmarking
Business	Business Energy Education Program	Market Influencer Training & Outreach
Business	Business Energy Education Program	Customer Education
Business	Business Demand Response Program	Business Smart Thermostat (Legacy)
Business	Business Demand Response Program	Business Smart Thermostat (MEEIA 4)
Business	Business Demand Response Program	Curtailment Agreements
Business	Business Demand Response Program	Advanced Demand Response
Pilots	Pilot Program	Energy Efficiency Research & Pilot
Pilots	Pilot Program	Demand Response Research & Pilot
Demand Response	Demand Response Energy Education Program	

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Q. In regards to cost-effectiveness, is this concerning?

A. Yes. Included in its workpapers provided to Staff in this case, Evergy provided the RIM tests for all of the subset programs. Aside from the BDR program Mr. File mentions passes the RIM test, the only other subset programs that pass the RIM test are the Residential Smart Thermostat program and the Enhanced Business Comfort program.

1 Q. Is the RIM test the preferred cost-effectiveness test the Commission shall
2 consider?

3 A. No. 20 CSR 4240-20.094(4)(I) states, “The Commission shall consider the
4 TRC⁵ test a preferred cost-effectiveness test.”

5 Q. What does the TRC test consider as benefits and costs?

6 A. The TRC test is a test that compares the sum of avoided utility costs, including
7 avoided probable environmental costs to the sum of all incremental costs of end-use measures
8 that are implemented due to the program (including both utility and participant contributions),
9 plus utility costs to administer, deliver, and evaluate each demand-side program and costs of
10 statewide TRM⁶ or TRM and statewide TRM.⁷

11 Q. In review of the previously mentioned workpapers, several of the subset
12 programs do not pass the TRC. This is particularly concerning when you look at the
13 Residential, Whole Home Efficiency Program subset programs. Out of the five subset
14 programs in that category, only two pass the TRC using Evergy’s assumed benefits and costs.
15 However, when bundled into the Residential, Whole Home Efficiency Program, the overall
16 TRC is greater than one due to the other two subset programs that have a TRC over one. Until
17 you look into the detail filed in the workpapers, the MEEIA Cycle 4 filing gives the perception
18 that Evergy’s “umbrella” residential program is cost-effective when in reality not all subset
19 programs in that category, even based on the Company’s claimed benefits, are cost-effective.
20 This is further discussed in Staff witness Mark Kiesling’s surrebuttal testimony.

⁵ Total Resource Cost.

⁶ Technical Resource Manual or Technical Reference Manual.

⁷ 20 CSR 4240-20.092(1)(WW).

1 **RESPONSE TO EVERGY WITNESS MR. KEVIN D. GUNN**

2 Q. Mr. File and Mr. Gunn both criticize Staff’s claim that the Commission has
3 never had the opportunity to determine whether the claimed benefits of the MEEIA programs
4 exist. How do you respond?

5 A. Both Mr. File and Mr. Gunn seem to believe this is done through the annual
6 EM&V⁸ process. On the front-end of the EM&V process, the EM&V contractor(s) will utilize
7 the Company’s TRM. As stated in the rebuttal testimony of Staff witness Mark Kiesling, Staff
8 has a number of concerns with the Company’s TRM and its assumptions and citations. Staff
9 witnesses Mr. Justin Tevie and Dr. Hari K. Poudel, as well as OPC witness Dr. Geoff Marke,
10 discuss in their rebuttal testimony other aspects not currently considered in the EM&V process
11 that influence savings and benefits. Further, the savings “verified” through the annual EM&V
12 process are multiplied by the Company’s avoided costs to calculate the annual “benefits.” After
13 the annual EM&V “benefits” are determined, there has historically been a “set-it-and-forget-it”
14 sort of view on those benefits. The avoided costs used in the calculation and the deemed
15 deferred and/or avoided supply-side generation is never verified to have ever actually happened.
16 This is exactly why Staff has raised concerns in this case that while MEEIA costs are borne
17 immediately by ratepayers, the benefits are only deemed, not verified, to have ever happened.

18 **RESPONSE TO EVERGY WITNESS MR. VANDELDELDE**

19 Q. Mr. VandeVelde states on page 2, of his rebuttal testimony, that, “Generally,
20 Staff witnesses seem to believe that MEEIA programs do not provide capacity benefit or avoid
21 investment in other capacity resources. As I outlined in my direct, and will further comment
22 on later in this testimony, EMM’s and EMW’s 2024 IRPs clearly show the capacity benefit of

⁸ Evaluation, Measurement, and Verification.

1 DSM programs.” Can you explain the supply-side resources anticipated in EMM and EMW’s
2 2024 Integrated Resource Plans (“IRP”)?

3 A. Yes. EMM’s IRP preferred resource plan (“PRP”) includes 150 megawatts
4 (“MW”) of additional wind resources in 2029, 2030, 2031, 2033, 2034, 2035, and 2042. It also
5 includes 300 MWs of additional solar in 2027 and 150 MWs in 2028 and 2040. Further, it
6 includes 415 MWs of additional combustion-turbine (“CT”) gas generation in 2032, and
7 325 MWs of additional combined-cycle (“CC”) gas generation in 2036, 2038, 2039, and 2041.

8 EMW’s IRP PRP includes 150 MWs of additional wind resources in 2031, 2032, 2033,
9 2034, and 2041. It also includes 150 MWs of additional solar in 2027 and 2042. Further, it
10 includes 143 MWs of additional CC gas generation in 2024,⁹ 325 MWs of additional CC gas
11 generation in 2029, and 415 MWs of additional CT gas generation in 2030.

12 Q. What supply-side generation is being avoided in the Company’s IRPs with DSM
13 included for the 20-year planning horizon?

14 A. First, I want to make it clear that I continue to strongly believe that no
15 supply-side generation will be deferred or avoided with the inclusion of DSM in the Company’s
16 IRPs. However, the Company’s own IRP analysis furthers Staff’s doubts about deferral or
17 avoidance of future supply-side generation. As I mentioned in my rebuttal testimony, as far
18 as deferred and/or avoided dispatchable supply-side generation goes, EMW represents that
19 its 2024 PRP, with DSM, will avoid a 325 MW CC in 2038, and EMM represents that its
20 2024 PRP, with DSM, may avoid a 325 MW CC in the mid-to-late-2030’s. I said “may” since

⁹ On March 21, 2024, the Commission issued its *Order Approving Stipulation and Agreement and Granting Certificate of Convenience and Necessity* granting EMW a CCN to own, operate, maintain, and otherwise control and manage the Dogwood Energy Facility, along with all existing facilities, structures, and other equipment related to the facility. The CCN grants EMW to purchase a 22.2% interest in the Dogwood Energy Facility, which equates to approximately 143 MW of accredited capacity under the summer rating conditions of Southwest Power Pool (SPP).

1 it is not completely clear what, if any, dispatchable supply-side generation EMM may avoid
2 given the similarities of build during that time period in both its PRP and no-DSM plan. The
3 IRPs anticipated non-dispatchable deferral and/or avoidance further confuses things. EMM's
4 IRP appears to suggest that the no-DSM plan defers 150 MWs of additional wind generation
5 five years from 2035 to 2040 compared to the PRP but the no-DSM plan needs 150 MWs of
6 additional wind one year sooner than the PRP from 2042 to 2041. EMW's IRP suggests that
7 the PRP avoids 150 MWs of additional wind in 2028 and defers another 150 MWs of additional
8 wind from 2035 to 2041. EMM's PRP suggests that an additional 150 MWs of solar is avoided
9 in 2028 compared to the no-DSM plan, but the PRP needs 150 MWs in 2040 compared to the
10 no-DSM plan's 300 MWs in 2042. EMW's PRP anticipates 150 MWs of additional solar in
11 2027 and 2042 while the no-DSM plan does not anticipate the inclusion of any additional solar.
12 Lastly, both EMM and EMW's PRP suggests that battery storage is avoided, 150 MWs in 2026
13 for EMM and 150 MWs in 2026 and 2027 for EMW.

14 As confusing as that all is, it helps illustrate Staff's serious doubt that new supply-side
15 generation is going to be deferred and/or avoided. As discussed, the PRP's contemplate things
16 such as deferral of supply-side from 2035 to 2040 and avoidance of supply-side in 2038 due to
17 DSM. To think that we can, with a reasonable degree of confidence, believe that something
18 not intended to happen for over ten years (wind in 2035) is deferred another five years because
19 of DSM is difficult. What is further difficult is to also think that DSM is going to avoid
20 something not even anticipated for another almost fourteen years (avoid a 325 MW CC in
21 2038). That, coupled with assumptions like avoiding battery storage as soon as 2026 and the
22 PRP deferring supply-side a year or two while simultaneously needing certain supply-side a
23 year or two sooner than a no-DSM plan, muddies things up tremendously.

1 Q. On page 3, of Mr. VandeVelde’s rebuttal testimony, he states, “The IRPs for
2 Evergy Metro and Evergy Missouri West clearly

3 outline expected avoided generation builds due to the combination of residual impact
4 from prior MEEIA portfolios and the inclusion of incremental future DSM programs.
5 Specifically for Metro, as shown in Table 1 below, there are \$250 million of expected Net
6 Present Value Revenue Requirement (“NPVRR”) savings due to selecting the RAP+ level
7 of DSM (Plan CAAB) as compared to an alternative resource plan that included no DSM
8 (Plan EAAB).” Does Staff have any confidence in the \$250 million of savings?

9 A. No, for several reasons, including but not limited to:

- 10 • The IRP is looking out over a 20-year planning horizon, and uses hundreds, if not
11 thousands, of assumptions;
- 12 • Naturally occurring energy efficiency and codes and standards makes it very likely
13 that ratepayer-funded utility DSM programs will be rendered unnecessary, likely in
14 the near-term, while the IRP includes DSM over the 20-year planning horizon;
- 15 • Potential energy and demand savings are shrinking (further discussed below);
- 16 • Cost-effective energy and demand savings continue to get more difficult to achieve;
- 17 • New technologies will likely emerge; and
- 18 • EMM and EMW are both anticipating substantial supply-side buildouts;

19 Q. On page 5, of Mr. VandeVelde’s rebuttal testimony, he states, “Evergy expects
20 to file multiple Certificates of Convenience and Necessity (“CCN”) for solar projects in
21 Missouri in the near future.” Does Staff have any comments in regards to this?

22 A. Yes. Staff will not take a position on those CCN filings in this case since they
23 are yet to be filed and will require a thorough review after those filings are made and Staff will
24 take a position then. However, I will note here that Mr. VandeVelde goes on to state in his

1 rebuttal testimony, that, “As evidenced by my direct testimony in this case, both Metro and
2 EMW have substantial future capacity needs when only considering each utilities’ existing
3 resources to meet future load obligations.” Given that statement, it certainly calls into question
4 the decision to file “multiple” solar project CCNs instead of a CCN to construct a dispatchable
5 resource. That decision is of further concern when it is likely to come at a highly substantial
6 cost, and a relatively low capacity accreditation. In a time when grid reliability is becoming
7 more and more concerning, not just at a RTO¹⁰ level, but at a state and utility level, decisions
8 such as the one being discussed here need to be heavily scrutinized to ensure ratepayers receive
9 reliable energy at reasonable rates.

10 Q. On page 11, of Mr. VandeVelde’s rebuttal testimony, he states, “Long-term
11 planning environments are subject to significant uncertainty and conditions, and as conditions
12 change, so do expectations of DSM implementation and ultimate customer adoption.” He goes
13 on to say on page 12, that, “Changing DSM portfolio offerings year-to-year and leaving
14 customers with no certainty of what their programs might look like over time would likely
15 reduce customer adoption or hinder the “stickiness” of ongoing customer participation.”
16 Do you have anything to comment on that?

17 A. Yes, quite a bit actually. Mr. VandeVelde’s first statement gets directly to the
18 previously mentioned Staff concerns with the Company’s claimed \$250 million cost savings
19 from 20-years of continued DSM (i.e. the IRP is looking out over a 20-year planning horizon,
20 and uses hundreds, if not thousands, of assumptions; naturally occurring energy efficiency
21 and codes and standards makes it very likely that ratepayer-funded utility DSM programs
22 will be rendered unnecessary, likely in the near-term, while the IRP includes DSM over the

¹⁰ Regional Transmission Organization.

1 20-year planning horizon; potential energy and demand savings are shrinking; cost-effective
2 energy and demand savings continue to get more difficult to achieve; new technologies will
3 likely emerge; and EMM and EMW are both anticipating substantial supply-side buildouts).
4 Mr. VandeVelde's second statement speaks to customer certainty and customer participation.
5 I am unaware of the claim that "leaving customers with no certainty of what their programs
6 might look like over time" has been substantiated by the Company. However, even without
7 certainty of ratepayer-funded programs, customers will have the certainty of energy efficiency
8 in the market and have continued rebate and tax incentive options. I think more concerning for
9 customers is the certainty of the ratepayer-funded program costs, and the uncertainty of the
10 ratepayer-funded program benefits. As far as the uncertainty of what the programs might look
11 like over time reducing customer adoption and hindering ongoing customer participation,
12 I would point to Figure 1 on page 3 of OPC witness Dr. Geoff Marke's rebuttal testimony.
13 This figure comes directly from results of Applied Energy Group's efforts on evaluating the
14 DSM market potential for Evergy. The residential and non-residential energy savings potential
15 for 2024 – 2026 are dwarfed in comparison to 2020 – 2023, illustrating that customer adoption
16 and participation has already, and will continue to be, greatly reduced.

17 Q. Is there anything else you would like to provide the Commission in response to
18 Mr. VandeVelde?

19 A. Yes. In its currently pending general rate case, EMW is proposing that
20 "Without preapproval of different rate treatment for the MISO transmission expense starting in
21 this rate case, Evergy does not plan to renew or extend the four 75 MW firm point-to-point
22 MISO transmission agreements beyond February 2029. This would effectively render the

1 Crossroads generating plant useless as far as its capacity value to EMW customers.”¹¹ I will
2 provide certain excerpts from my rebuttal testimony in that case in response to EMW’s
3 proposal:

4 EMW has put the Commission in a difficult situation. If the Commission
5 goes against its previous orders, and allows for recovery of the
6 transmission costs, ratepayer costs increase. If the Commission
7 continues to not allow for recovery of the transmission costs, EMW is
8 going to retire Crossroads and build a more expensive plant, increasing
9 costs to ratepayers. However, if instead of waiting until the eleventh
10 hour to force the Commission to make this decision, EMW had come to
11 the Commission earlier, for example in the last few years, this issue may
12 have been avoided, or at least better prepared for.

13
14 At a time when resource adequacy in Missouri is as hot of a topic as it
15 has likely ever been, now seems to be a very inopportune time to forego
16 300 MW of needed capacity at the expense of the numerous benefits
17 EMW itself recognizes its ratepayers receive and the reliability to the
18 system it provides. The useful life of Crossroads is at least through
19 2043.¹² Staff struggles with the concept of EMW retiring a plant(s) with
20 at least twenty years of remaining useful life that provides EMW
21 ratepayers benefit and reliability.

22 Staff brings this up in this case to illustrate that EMW has not only put the Commission in a
23 difficult situation in the general rate case, but has also put them in a difficult situation in this
24 case. To further complicate the problem, Mr. VandeVelde states on page 11 of his direct
25 testimony in Case No. ER-2024-0189 that:

26 In recent years, EMW has relied upon market capacity to meet a portion
27 of its capacity needs. Much of EMW’s market capacity has been supplied
28 by its capacity purchases from Evergy Metro. Looking forward, EMW’s
29 future capacity purchases from Metro range from 200-275 MW annually
30 from 2024 through 2028. In 2029, the year the Crossroad’s MISO
31 transmission path agreement expires, Metro’s net capacity position is
32 challenging. Looking beyond 2030, Metro faces capacity needs of its
33 own, given the planned retirement of the coal-fired La Cygne 1
34 generating plant in 2032. Metro’s needs could accelerate as economic
35 development, combined with increasing Resource Adequacy
36 Requirements or more stringent environmental rules impacting the

¹¹ *Direct Testimony of Cody VandeVelde*, Case No. ER-2024-0189, pg. 12.

¹² It is likely longer than this, but 2043 is the last year of the current planning horizon in EMW’s most recent IRP.

1 viability of coal-fired plants, impact Metro’s capacity position. The SPP
2 capacity market in general is tightening and will not likely be as
3 dependable to meet capacity obligations in the future as it has been for
4 EMW in the past. SPP’s 2023 Resource Adequacy Report filed in June
5 2023 states: “The SPP Balancing Authority Area Planning Reserve
6 Margin is 20.1% for the 2023 Summer Season and decreases to 9.7% by
7 planning year 2028”.¹³

8 This would appear to not only demonstrate the near-future need to build dispatchable
9 supply-side generation, but further calls into question why the Company has not better planned
10 for this. With the concerns mentioned throughout Staff’s direct, rebuttal, and surrebuttal
11 testimony in this case, ratepayer-funded DSM programs are not the resource they may have
12 once been. However, in a time of resource adequacy concerns and utility’s becoming shorter
13 on capacity to meet reliability needs, utilities are going to have to build additional supply-side
14 generation regardless of whether ratepayer-funded DSM programs are offered or not.

15 **RESPONSE TO OPC WITNESS DR. GEOFF MARKE**

16 Q. You previously mentioned OPC witness Dr. Geoff Marke’s Figure 1, on page 3,
17 of his rebuttal testimony. Is there anything additional you would like to mention?

18 A. Yes. On pages 21 – 22 of my rebuttal testimony in this case, I mentioned,
19 and illustrated, the poor cost-effectiveness of some of Evergy’s key DSM programs.
20 The poor TRC tests were determined through the EM&V process and used the Company’s
21 own avoided costs as the “benefits” used in the calculation. The TRC tests were for the
22 Business Standard, Business Custom, and Heating, Cooling, and Home Comfort programs for
23 the years 2020 – 2023. As illustrated in Dr. Marke’s Figure 1, the potential energy savings for
24 residential and non-residential customers for the years 2024 – 2026 are abysmal compared to

¹³ Southwest Power Pool (SPP) website: [2023 spp june resource adequacy report.pdf](https://www.spp.org/2023-spp-june-resource-adequacy-report.pdf).

1 years 2020 – 2023. This greatly increases the likelihood that already poor performing programs
2 will continue to perform poorly, and more likely perform worse.

3 Q. On page 47 of Dr. Marke’s rebuttal testimony, he recommends incentive
4 payments to free riders¹⁴ be calculated in the TRC as an incentive payment. Do you support
5 Dr. Marke’s recommendation?

6 A. Yes. Guidehouse performed Evergy’s program year 2023 EM&V for its
7 commercial and industrial programs. In it, Guidehouse states that, “Guidehouse’s ProCESS
8 model formulation of the cost-benefit tests followed the 2001 California Standard Practice
9 Manual (SPM)¹⁵ and does not account for the subsequent 2007 SPM Clarification Memo.”¹⁶
10 The California SPM has for many years been considered the “gold standard” when it comes to
11 the determination and practice of cost-effectiveness testing. In 2007, The California Public
12 Utilities Commission determined that the TRC test costs should include the incentive amount
13 paid to free riders, since they would have undertaken the energy efficiency activity absent the
14 incentive. The TRC test includes the program administrative costs and the incremental measure
15 cost to the program participant. The 2007 SPM Clarification Memo modified the TRC test cost
16 equation to require free rider incentive costs to be included as a cost.¹⁷ Therefore, if any MEEIA

¹⁴ As defined in the 2007 SPM Clarification Memo, “In the context of energy efficiency programs, free riders are those program participants who would have undertaken the energy efficiency activity in the absence of the program.” California Public Utilities Commission. “2007 SPM Clarification Memo.” 2007.

https://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/73172-10.htm.

¹⁵ California Public Utilities Commission. *California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects*. October 2001. https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/utilities_and_industries/energy_-_electricity_and_natural_gas/cpuc-standard-practice-manual.pdf.

¹⁶ California Public Utilities Commission. “2007 SPM Clarification Memo.” 2007.

https://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/73172-10.htm.

¹⁷ “To clarify how the NTG ratio should in fact be applied, a transfer incentive (INC) recapture quantity will be added to the TRC cost equation presented in the 1988 SPM Correction Memo... INC = incentive costs, restricted to include only dollar benefits such as rebates or rate incentives (bill credits).” California Public Utilities Commission. “2007 SPM Clarification Memo.” 2007. https://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/73172-10.htm.

Surrebuttal Testimony of
Brad J. Fortson

1 | programs are approved and a corresponding EM&V process is also approved, Everygy should
2 | calculate TRC test costs as required by the 2007 SPM Clarification Memo.

3 | Q. Does this conclude your surrebuttal testimony?

4 | 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 Notice of Intent to) Case No. EO-2023-0369
File an Application for Authority to Establish)
a Demand-Side Programs Investment)
Mechanism)

In the Matter of Evergy Missouri West, Inc.)
d/b/a Evergy Missouri West's Notice of) Case No. EO-2023-0370
Intent to File an Application for Authority to)
Establish a Demand-Side Programs)
Investment Mechanism)

AFFIDAVIT OF BRAD J. FORTSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW BRAD J. FORTSON and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Brad J. Fortson*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




BRAD J. FORTSON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16th day of August 2024.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public