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MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: EO-2023-0369/0370

SURREBUTTAL TESTIMONY

OF

BRIAN A. FILE

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

Kansas City, Missouri
August 2024

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SURREBUTTAL TESTIMONY

OF

BRIAN A. FILE

CASE NOS. EO-2023-0369/0370

I. INTRODUCTION

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 filed direct testimony in these dockets on April 29, 2024, and rebuttal testimony on July 9, 2024?

A: Yes.

Q: Who are you testifying for?

A: I am testifying on behalf of Evergy Metro, Inc. d/b/a as Evergy Missouri Metro ("Evergy Missouri Metro"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") (collectively, "Evergy" or the "Company").

II. EXECUTIVE SUMMARY AND INITIAL OBSERVATIONS

Q: What is the purpose of your sur-rebuttal testimony?

A: The purpose of my testimony is to address portions of the rebuttal testimony of Staff witnesses Brad Fortson, Sarah Lange, J Luebbert, Amy Eichholz, Jordan T. Hull, Mark Kiesling, Hari K. Poudel and Justin Tevie, and Office of Public Counsel ("OPC") witnesses Geoff Marke and Lena Mantle. My surrebuttal testimony is arranged to respond topically to the issues brought up by the various witnesses. The primary focus of testimony is issues related to rebutting issues 1) of whether the

Evergy proposal is founded in the MEEIA statute, drives continuous improvement and creates confidence in the delivered results, 2) questions relating to the MEEIA Cycle 4 program design and implementation, and 3) other relevant topics.

Q: Do you have any overall comments or observations about Staff's rebuttal testimony?

A: Evergy is proud to present its MEEIA Cycle 4 filing that is designed to deliver a cost-effective demand-side management ("DSM") portfolio that is impactful to participating and non-participating customers, is compliant with the MEEIA statute and rules and aligns with the Company's Integrated Resource Plan ("IRP"). While I can appreciate Staff's role in making sure the plan aligns with the statute, applicable rules, and is beneficial for customers, my read of the situation is that there is a desire by Staff to "tear down and start over" MEEIA's established framework and reject over 10 years of approved programs that have positively impacted customers because Staff perceives flaws in the framework and exaggerates the challenges of measuring energy efficiency capacity reductions and delayed or avoided generation. Evergy has presented a portfolio of programs in its MEEIA Cycle 4 filing that strengthens the foundation Evergy and its regulators have built for over 10 years. Evergy's portfolio includes new facets to hedge against future industry challenges while continuing to provide solutions for all customers to invest in themselves. This is accomplished by lowering their cost of higher efficient measures or equipment through rebates (and also reducing their energy usage) or participating in a demand response event that also contributes to Evergy reducing or delaying its need for generation resources. DSM programs are an important (and less expensive) resource for a utility to consider and rely upon to solve for increased capacity needs.

Q: What are your observations about OPC witness Dr. Geoff Marke's rebuttal testimony?

A: Yes. Dr. Marke also questions much of MEEIA's foundation and he also makes several program recommendations. First, I vehemently defend the success of Evergy's MEEIA programs, its impact and the value the programs bring to our customers. Second, while Dr. Marke has experience in overseeing MEEIA programs as a stakeholder, I submit that his role in the regulatory process is evaluate the proposal Evergy has placed in front of the Commission – not to make program recommendations. We appreciate OPC's desire to propose concepts that may be acceptable to OPC, but those concepts and ideas do not reflect what is in front of the Commission. For posterity's sake, I will respond to many of Dr. Marke's accusations and ideas for the Commission to have a full record and potentially to gain further understanding of the merits of Evergy's MEEIA Cycle 4 proposal.

III. EVERGY'S MEEIA CYCLE 4 PROPOSAL BUILDS ON A STRONG FOUNDATION, PROGRAMS ARE COST EFFECTIVE AND PROPOSAL DRIVES CONTINUOUS IMPROVEMENT OF PROGRAMS

Q: On page 2-4 of his rebuttal testimony, Staff witness Fortson concludes that Staff believes first Extension Stipulation of Cycle 3 for calendar year 2023 improved the Company's approved Cycle 3 portfolio by modifying programs and adding additional parameters based on certain changing conditions. The second Extension Stipulation of Cycle 3 for calendar year 2024 built upon the first extension by further modifying programs and adding additional parameters based on certain changing conditions. However, he does not believe that Evergy's proposed MEEIA Cycle 4 portfolio improved programs. Do you agree with his testimony on this point?

A: I agree with Mr. Fortson that the 2023 and 2024 Extension Stipulations intention was to drive improvement in the Company's MEEIA Cycle 3. However, I adamantly disagree that Evergy's proposed MEEIA 4 portfolio is a step backwards. Not only does it continue the impactful and successful programs and energy savings impacts, it also brings new facets to bear taking heed of lessons learned recently and over time. Specifically of note and despite Mr. Fortson's comment, Evergy's MEEIA Cycle 4 proposal takes many of the facets of the two Cycle 3 extensions and incorporates them into the MEEIA Cycle 4 proposal.

Table 1 below compares elements of Evergy's extension stipulation and its proposed Cycle 4 portfolio. Table 1 summarizes how Evergy incorporated elements of its MEEIA Cycle 3 success and extension stipulations in its proposed Cycle 4 portfolio.

Table 1

Cycle 3 Extension Stipulation Term	**Cycle 4 Proposed**	**Outcome Expected**
Cap non-incentives at no more than 45% of overall budget	Cap non-incentives at no more than 45% of overall budget annually	Improve and sustain cost effectiveness; establishes more efficient processes
Increase participation of non-lighting measures in the business program	Incentives align with non-lighting – forecast % non-lighting participation EO is weighted to 2.3 to 1 on kW savings vs. KWh savings	Results in deeper customer energy savings by focusing on non-lighting measures
Remove standard LEDs from the residential program	Enhanced focus on building shell and cooling efforts	Evolution of residential savings focus to more holistic savings opportunities
Understand Winter DR capabilities	Tariffs include ability to call Winter Demand Response events	Allows for increased ISO system reliability across all seasons
Increase participation of Small General Service customers in business program	Hard to Reach Business program is proposed as ~17% of business portfolio	Provides for intentional outreach and subsequent participation of smaller business customers
Include customer income targeting in PAYS® program	OB Tariff that is focused on 201-300% FPL income customers	Supports untapped segment of income market
Improve participation in weatherization – ready homes by focusing on deferred homes	Continue KC-LILAC[1]	Removes barrier for more Federal income eligible weatherization funding to be used by Evergy's low-income customers

[1] Low-Income Leadership Assistance Collaborative.

Q: On page 7 of his rebuttal testimony, Staff witness Luebbert asserts that Evergy's request for approval, at a high level, is a request for approval to spend ratepayer dollars based upon conceptual ideas of programs that are not fully developed. Do you agree?

A: No, I do not. There is a considerable amount of time invested in portfolio development by Evergy, stakeholders, and consultants to develop cost effective programs. First, Evergy has examined DSM opportunities in its jurisdictions as required by the MEEIA Rules through what is known as a DSM Potential Study. Evergy collaborated with Staff, OPC and other stakeholders on the potential study, which was completed in 2023. The market potentials for various measures are then turned into a program design, which is presented by Evergy in this case. Second, the level of program detail that Evergy provides in its filing is appropriate to provide the Commission parameters for approval. Evergy provides extensive information on participation, savings and cost assumptions that are used in the cost-effectiveness evaluation. Admittedly, there is significant information to digest in a MEEIA filing, and therefore, Evergy is meticulous about how it builds its programs and the details it provides. Evergy responded to Staff's concerns about the level of detail that Staff would like to review in a MEEIA filing and Evergy agreed to memorialize Staff's requested detail in its second Cycle 3 extension stipulation. In our MEEIA Cycle 4 filing, we included a new map and appendix of our MEEIA workpapers that maps the various inputs and details of our filing. Additionally, my rebuttal testimony detailed the systems and their use in the MEEIA portfolio development process.

Lastly, Mr. Luebbert's comments discount that Evergy has been deploying DSM programs under a similar level of detail within the MEEIA construct for over 10 years and it has achieved significant positive outcomes for all customers, as evaluated by an independent third-party evaluator and also reviewed by the Staff auditor. I can only say that there are more than enough indicators as to the positive impacts of Evergy's MEEIA programs, as also supported by the progressive increase in ACEEE rankings and customer testimonials.

IV. EVERGY'S PROPOSAL INCLUDES ROBUST CALCULATIONS INCLUDING A TRM DEVELOPED OVER 10 YEARS OF INTERACTION WITH STAKEHOLDERS

Q: On page 5 of his rebuttal testimony, Mr. Kiesling states that Staff has concerns with the incremental measure cost, energy savings, demand savings, and useful life sources that Evergy provides because these are just referenced sources and not links to the exact data. How do you respond?

A: Evergy has collaborated with Staff and other stakeholders for several years to add documentation and reference the sources for the values and calculations in the Technical Resource Manual ("TRM"). Evergy has added multiple columns to the TRM to make the sourcing as clear as possible and have made all of the changes requested by Staff. Table 2 below is a quick summary of upgrades and updates to the TRM that have happened since MEEIA Cycle 1 until now.

Table 2

	TRM Enhancements	Example
MEEIA Cycle 1 to Cycle 2	•Transition from multiple static pdf savings sheets to spreadsheet based deemed savings document	•Tabular format by program by measure with key fields •Included measure definitions and descriptions
Within Cycle 2	•Documented reference TRMs (e.g. IL or WI) •Update TRM annually with approval from MPSC	•Introduced algorithms for calculating relevant savings information •Added 18 new source fields
Within Cycle 3	•Executable format and formulas •Include page #s for TRM references	•Further detailed 10+ sources down to the page # of relevant documents •Incremental measure cost sourcing
Cycle 4	•Increased extra research and specific reach for key residential measures	•HVAC and insulation measures focused on holistic savings details

Every standard measure in the TRM is fully documented with sources. In the TRM, Evergy provides the exact page number in the referenced TRM where the values came from. In addition, Staff reviews and approves the TRM annually. Evergy's TRM was included as Appendix 8.2; it includes nearly 1,000 rows and 120 columns. Evergy does not understand what additional remedy Staff is looking for, but we are happy to further discuss how to improve documentation in the TRM.

Q: On page 5 of his rebuttal testimony, Mr. Kiesling states that there are measures in the TRM that do not have any sources. How do you respond?

A: Evergy does not agree with his statement. All standard measures are fully sourced. The only "measures" without sources are the placeholder custom measures. Custom measures do not have predefined characteristics (e.g. the savings value) because these are calculated and measured during the project review/preapproval and evaluation, measurement and verification ("EM&V") process, therefore there is nothing to provide for these custom measures in the TRM. Effectively, the final answer comes from the EM&V for each individual unique project as to energy and demand savings, as well as cost effectiveness.

Q: Can you provide an example from the TRM that illustrates how to find the information in the source document?

A: Yes. I provide an example to find the Incremental Cost for an Energy Star dishwasher. Below is an excerpt from the current TRM.

Table 3

Measure Name	Primary Key	Incremental Measure Cost ($/Unit)	Incremental Measure Cost Source	Incremental Measure Cost Source Page Number
ENERGY STAR Dishwasher (Unknown DHW)	619.1	$75.67	IL TRM v11 vol3	22

The incremental measure cost for this measure is $75.67, which can be found on Page 22 of the Illinois TRM, Version 11, Volume 3, as shown below:

Figure 1

DEEMED MEASURE COST

The incremental cost for standard and compact dishwashers is provided in the table below:[53]

Dishwasher Type	Baseline Cost	ENERGY STAR Cost	Incremental Cost
Standard	$255.63	$331.30	$75.67

[51] The ENERGY STAR specification "establishes optional connected criteria for dishwashers. ENERGY STAR certified dishwashers with connected functionality offer favorable attributes for demand response programs to consider, since their peak energy consumption is relatively high, driven by water heating. ENERGY STAR certified dishwashers with connected functionality will offer consumers new convenience and energy-saving features, such as alerts for cycle completion and/or recommended maintenance, as well as feedback on the energy use of the product". See 'ENERGY STAR Residential Dishwasher Final Version 6.0 Cover Memo.pdf'. Calculated as per Version 6.0 specification; "ENERGY STAR Residential Dishwasher Version 6.0 Final Program Requirements.pdf". As of July 2021, Version 7.0 specification is still under development. Note that the potential for demand response and additional peak savings from units with Connected Functionality have not been explored. This could be a potential addition in a future version.

[52] Measure lifetime from California DEER. See file California DEER 2014-EUL Table - 2014 Update.xlsx.

[53] Costs are based on data from U.S. DOE, Final Rule Life-Cycle Cost (LCC) Spreadsheet. See file Residential Dishwasher Analysis_Nov2017.xlsx for cost calculation details.

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Q: On pages 4 and 5 of his rebuttal testimony, Mr. Kiesling states that Staff believes that the measures listed in the TRM should only be the measures that are offered within an approved MEEIA Cycle 4. Do you agree?

A: Yes, I agree with Mr. Kiesling and that is exactly what Evergy has done. It is not clear to Evergy which measures Staff believes are not offered and included within the TRM, or are offered and not listed in the TRM. All of the measures in Evergy's proposed TRM are intended to be offered in MEEIA Cycle 4. TRM measures are historically updated, added or removed annually to be applied the following program year.

Q: On pages 4 and 5 of his rebuttal testimony, Mr. Kiesling shares a concern that the TRM contains load building measures, specifically dehumidifiers, air purifiers, smart home products, and radon fans. Do you agree?

A: While I agree that Evergy's TRM includes these measures, I do not agree with Mr. Kiesling's insinuation that Evergy included these measures for load building purposes – or that they should be excluded because he believes they are load building measures. Evergy's TRM includes measures that Evergy will incent for customers to install more efficient measures than they would have otherwise. Evergy incents customers to reduce peak demand by installing **<u>more efficient</u>** measures – this is not a load building play and measures should not be subjectively removed because Mr. Kiesling deems these measures as load building.

Q: On pages 4 and 5 of his rebuttal testimony, Mr. Kiesling recommends that all lighting measures that are listed in the TRM should be removed. Do you agree?

A: No. The lighting measures included in Evergy's TRM are purposely included. First, lighting measures are included for those business customers who still have less efficient lighting like T8 technology, which can be replaced with lighting that could be as much as 30 percent more efficient. While this inefficient lighting persists across customer classes, smaller business customers generally benefit more given that increased energy efficiency can more directly impact their bottom line.

Second, Evergy proposes to replace inefficient lighting at Income-Eligible Multi-Family properties and directly install LEDs. These customer types and corresponding lighting measures are ideal candidates to incent improved lighting efficiency as they have coincident usage profiles during peak times and drive cost-effective savings. These measures also support vulnerable customers who live in income-qualified properties where a split incentive problem exists – it makes it difficult for building owners and tenants to work together to improve energy efficiency when the building owner would pay for the retrofit, but the tenant would enjoy the lower utility cost. By including lighting as a measure for the Income-Eligible Multi-Family program within the TRM helps to overcome the split-incentive problem, and provides lower bills for the vulnerable customer with no out-of-pocket cost.

V. EVERGY'S PROGRAM ADMINISTRATION COSTS ARE REASONABLE AND DRIVE SAVINGS EFFICIENTLY

Q: Staff witness Jordan Hull endorses OPC's view that no more than 20% of the MEEIA funding may be used as "administrative" costs. Can you provide a historical perspective on how Evergy has managed its "administrative" costs?

A: It is imperative to first define "administrative" and what costs should be included before making assertions or claims of what is appropriate or not appropriate. OPC has raised this issue in past MEEIA audits and the Commission has recognized that definitions matter. For example, in Case No. EO-2020-0227, OPC wanted the Commission to compare Evergy's costs to other utilities costs using U.S. Energy Information Administration data. At p. 24 of its Report and Order, the Commission noted that OPC did not define what is included as an incentive and what is included as a non- incentive. The Commission decided against OPC's incentive disallowance: "As such, OPC's recommendation for a 50%, or 5% non-incentive spending over the national average, presumed prudence limit requires a rulemaking procedure – which should include a more robust discussion and be focused prospectively. Therefore, the Commission finds that there was not sufficient evidence to support a finding that Evergy's non-incentive to incentive cost ratio was unreasonable or imprudent." [2] The Order allowed Evergy and stakeholders to be more intentional on defining incentive/non-incentive costs.

Evergy and parties resolved this issue in the first extension stipulation (and further referenced in the second extension stipulation) by agreeing that:

> Program Costs. Non-incentive and incentive costs will be monitored at the Residential, Business and Income-Eligible portfolio levels, with the standard 11-step change process notifications in PY[3]4. Costs will be identified in the following categories: 1) Incentives, resulting in measurable energy and demand savings; 2) Administrative, including employee salary and benefits; 3) Delivery, including contractual salary; 4) EM&V; and 5) advertising and marketing. Cost categories 2-5 collectively should not exceed more than 45% of the MEEIA Cycle 3 PY4 period cost expenditures (categories 1-5). For cost category 1 above, Staff's definition of incentives[4] will be used. For the purpose of calculating the percentage of non-incentive to incentive amounts, Research & Development dollars will be excluded from the calculation. This calculation will be confirmed in the annual EM&V process after the completion of PY4. If the Company does not meet the 45% threshold described above, an Earnings Opportunity penalty of 3% of the Total Cap identified on page 1 will be imposed, equating to $870,960.[5]

Since this time, Evergy has equated its "administrative" costs to "non-incentive" costs. Evergy exceeded stakeholders' target of incentive to non-incentive ratio in the first extension by achieving 58% incentive ratio vs 55% incentive ratio target. In the second extension, Evergy agreed to a 65/35 incentive/non-incentive ratio with some exclusions for EM&V, Urban Heat Island, Pilots and is currently at x/x

[2] Report and Order, EO-2020-0227, p. 27, May 4, 2022.
[3] PY refers to Program Year
[4] Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures, which are provided at no cost as a part of a program – MPSC Staff Report - first prudence review of Cycle 3 costs related to the MEEIA and Cycle 2 long-lead projects for the electric operations of Evergy Missouri West – EO-2021-0416; p. 17, Footnote 16.
[5] Non-Unanimous Stipulation and Agreement, p. 3, ¶8, filed April 29, 2022, File Nos. EO-2019- 0132/0133 and referenced in File No. EO-2021-0416/0417.

incentive/non-incentive ratio. In this filing, Evergy documentation shows 60/40 incentive/non-incentive ratio without the exclusions of second extension, an improvement still from PY2023 (first extension).

As referenced in (2) above, Evergy does account for "administration" costs, which is a subset of its "administrative" or "non-incentive" costs. In our MEEIA Cycle 4 filing, Evergy defines "administration" costs for internal accounting purposes as the cost of internal Evergy salary and benefits including expenses from employees as well as DSM Potential Studies and portfolio tracking tools. This definition is consistent with the Commission approved categories for the past 3 MEEIA Cycles. With Evergy's definition of "administration costs" for this MEEIA Cycle 4 filing, "administration costs" are only 8.5%[6] of the portfolio budget.

Let me emphasize that I am not advocating that this is the right or only calculation. But definitions matter – and the Commission needs more information before adopting administrative cost percentages.

OPC and Staff offer that Department of Energy's ("DE") 20% administrative "seems like a much more appropriate percentage to use for administration costs compared to 35% and 45% caps that Evergy has stipulated to in recent years", without offering any understanding of what do administrative costs mean under DE's guidelines.

[6] Calculated from CONF workpaper provided in Evergy Direct – BenCost model – portfolio development tab.

Q: Has Evergy reviewed DE's definition of "administrative costs"?

A: Evergy has reviewed it at a cursory level. For demonstration purposes, Table 4 below provides a summary of DE's categorization of "administrative" and "rebate funds"[7].

Table 4 - DE Categorization Of "Administrative" And "Rebate Funds"

Administrative costs – 20%	**Rebate funds – 80%**
Costs related to planning, administration, and technical assistance of Home Energy Rebate programs. Allowable costs include the following types of activities: o Program planning and design o State program staff o Development of tools and systems, including websites, applications, rebate processing, and reporting o Program evaluation and consumer satisfaction surveys o Program monitoring and audits o Consumer protection functions including resolution procedures, data review, contractor management, installation standards, continuous improvement o Marketing, education, and outreach, including the funding of local governments and place-based organizations to assist with these activities o Implementation contract costs not including rebates and costs for activities directly related to delivery of rebates o Contractor training o Activities to improve access to rebates, facilitating leverage of private funds and financing mechanisms (e.g., loan loss reserves, interest rate reductions) where beneficial to efficiency and/or electrification projects o Technical assistance	Federal dollars used for: 1. Reimbursement or providing a cost discount for eligible upgrades based on a) energy savings, b) pre-determined qualified upgrade amounts, or c) total project costs. 2. Activities directly related to delivery of rebates to eligible rebate recipients including: - Equipment, tools, models, and procedures used to assess a home and estimate energy savings us - Equipment, tools, models, and procedures used to verify installations and perform quality control (QC) including inspections and reporting - Customer service support - Consumer protection functions including consumer feedback, project verification and inspections - Income eligibility - Disadvantage community delivery, including targeted marketing and outreach - Disadvantaged community incentives - Integration with existing programs, home energy assessments, and project scoping.

[7] www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions_10-13-2023.pdf

While I will do my best to compare administrative costs for illustrative purposes, the fact is that many states will even interpret the DE guidelines different just as different utilities define DSM cost categories differently. While the definitions above are fairly detailed, one must consider what is not included in the definition of administration; in other words, what can be included in the 80% rebate funds and delivery.

For example, in the administrative cost column, it states, “Implementation contract costs not including rebates and costs for activities directly related to delivery of rebates”. By extension, this can be interpreted to mean that “costs for activities directly related to delivery of rebates” can be included in the 80% “rebate funds” or “non-administrative cost” column. In my opinion, there is significant subjectivity about what can be included in that category. Let’s use the example of application processing to validate the rebate, check writing/digital processing to create the rebate for the customer. Since these activities can easily be viewed as “administrative costs” by some but also seem to fit under the umbrella of “costs for activities directly related to delivery of rebates”, the 20% DE cap on administrative costs is illusory and one that I do not believe is a standard that provides guidance for the Commission in this case.

Q: Are there other examples with respect to the DE 20% administrative cap that you would like to highlight?

A: Yes. Let’s look at the “rebate funds” category. Specifically, here targeted marketing and outreach for disadvantaged communities is designated as ***rebate funds***. Marketing and outreach are typically an administrative responsibility but here is it is an anomaly and designated as “rebate funds” because of the demographic the program is wanting to reach.

Further, it is also important to call out that even within the DE document, it is clear that the DE recognizes there is a high likelihood that additional administration budget may be needed above the 20%. For example, the document notes leveraging alternate funding sources, including utility funds, for program support, such as energy audits and other. Specifically, the document states:

> Administering and implementing whole-home efficiency projects is complex, high-touch, and often involves overhead costs greater than 20% of a program budget. These are costs directly related to a project that are 1) not generally recognized as administrative and 2) also not included in the rebate to recipients. For example, these could include costs for home assessments and energy audits, modeling, verifying income eligibility, project quality assurance (QA) and project related reporting conducted by the contractor. States may request to use a portion of rebate funds for these project-related costs; however, additional funds for project-related costs should only be requested after all other opportunities to reduce costs or apply alternative funding sources have been applied; DOE cannot approve use of funds for administrative costs above the 20% statutory cap. For example, utilities, third-party organizations, or agencies may provide funding for home energy audits. DOE will provide assistance to states specifically in support of identifying program implementation cost reductions.

I must emphasize to the Commission that the DE guidance specifically says that to cover any shortfalls of the 20% administration cap, state energy offices should look to other places for funding, like utility programs.

Q: Are there any other costs that the Commission should consider that are not considered within the DE’s 20% administrative cap?

A: Yes. A portion of Evergy’s administrative costs in the MEEIA Cycle 4 filing includes the cost of the DSM market potential study as required by the MPSC

Integrated Resource Plan rules. The potential study is relied upon by the utility and stakeholders to provide guidance on the size of programs and achievable target levels.

Q: On page 24 of his rebuttal testimony, Staff witness Fortson argues that the Commission should not approve the Company's proposed variances, and he suggests that the Company has not demonstrated "good cause" for granting the variances. How do you respond?

A: Many of the variances (the 14 variances related to TD) are not needed. Evergy has discovered since reviewing the Section 7.2 of the MEEIA Cycle 4 Application again, that it made an error in copying over rule variances approved for MEEIA Cycle 3 that are no longer relevant following subsequent MEEIA rule requests.

Evergy requests variances for two Commission rules (20 CSR 4240-14 (utility promotional practices) and 20 CSR 4240-20.092(1)(C)(avoided cost)) out of an abundance of caution. For further clarification on the avoided costs definition variance request, the variance is requested not as a disagreement with how the avoided cost is technically defined, but making clear that the avoided cost is a static value for the entirety of the approved MEEIA Cycle even if there are subsequent IRP analyses. This specific point helps keep a reference to the filed and approved programs for cost effectiveness. If the avoided costs were changed mid-Cycle, the basis for comparison to the original filing would be gone and the drivers of cost effectiveness outcomes would be less clear. This variance was approved in Cycle 3 as submitted.

Evergy's request for a variance from the promotional practice rules stems from the fact that the Commission's approval of the MEEIA plan and general MEEIA oversight, including required prudence review, are the most appropriate means for regulating MEEIA-related utility marketing and promotion. Evergy believes that it provided sufficient good cause rational for its promotional practice variance in Section 7.2 of the original report. This variance was also approved in Cycle 3.

Q: On page 5 of his rebuttal testimony, Staff witness Fortson recommends rejection of the Company's proposed MEEIA Cycle 4, but states that if any Application is approved it should follow the tariff structure and parameters as laid out in Staff's direct testimony. Do you agree?

A: No. I will address why Mr. Luebbert's tariffs recommendations one by one and why they are not necessary or appropriate.

Q: Mr. Luebbert argues that the level of utility discretion offered by the proposed tariff sheets is unreasonable. Why do you believe that Evergy's tariffs sheets are adequate and reasonable?

A: I believe the proposed tariff sheets to be reasonable because:

1) There are no defined requirements for MEEIA tariff structure and details,

2) The details provided are similar to previously reviewed and MPSC approved MEEIA tariffs,

3) Some flexibility in MEEIA program deployment is key for efficient program offerings and,

4) Customers can gather all relevant information from evergy.com and/or Evergy's program representatives.

To expand #1 above, the utility is responsible for proposing what level of detail is to be included in MEEIA tariffs sheets and does not have a template that has been provided by the Commission.

Furthermore, for reason #2, the details provided in the tariff sheets to support the MEEIA Cycle 4 filing are similar to those provided in previous MEEIA tariff sheets, which were reviewed by Staff and approved by the Commission. In prior MEEIA filings, Evergy has discussed with Staff tariff provisions and edited to tariffs to include information requested by Staff.

On reason #3, changing tariffs regularly for minute details can be administratively burdensome and not add any value if parties and the Commission can agree on the parameters in advance (e.g. 11-step process and incentive range list).

Lastly for reason #4, Evergy is only effective if our customers know about the programs and how to engage with them. Therefore, Evergy is always promoting how to engage with our programs and provide relevant information to participating customers or trade allies, such as incentives, equipment options and program rules. Staff does not provide any evidence that customers don't have multiple ways to learn about the pertinent program parameters.

Q: Mr. Luebbert also recommends that if the Commission approves Evergy programs for MEEIA Cycle 4, that the tariff sheets include program specific budgets by year. Is this a reasonable request?

A: Evergy did not include program budgets by year so that greater flexibility could be exercised, as previously mentioned. The programs are designed for long term energy and demand savings, which will be realized over the proposed 4-year term. We have learned through previous MEEIA cycles and program year participation variances, that outside factors - such as the COVID pandemic – and other economic variables have tremendous impacts on our programs and our customers. Given these uncertainties and the long-term energy impact objectives, beyond the term of the MEEIA Cycle 4, Evergy's request to have cycle (not annual tariff) budgets and savings targets is reasonable. In fact, Evergy files in the applicable docket and MEEIA rules require that the utility file an annual report that specifies variances of actuals more than 20% of the program budget. This requirement, in addition to the annual EM&V process that reports costs, should serve as another oversight point as to the performance and spending of Evergy's MEEIA programs.

Q: OPC's Dr. Marke expresses that it is problematic that Evergy did not include a cost-benefit ratio for subsets of programs, and he implies that the cost-effective calculations are not correct. Do you agree?

A: Absolutely not. Evergy encourages whole home and whole business efficiency, through comprehensive upgrades. Designing the programs to be comprehensive in nature is a good alignment for this approach and how cost-effectiveness is evaluated.

Q: Please explain the 11-step process for changing incentives under the MEEIA program and why the Company uses it.

A: The 11-step process was specifically created as a response to structure any program change process, and it was done in coordination with Staff and stakeholders in MEEIA Cycle 2. The 11-step process is specifically outlined in the residential and business DSM existing tariffs and in the MEEIA Cycle 4 blanket tariff sheets. The 11-step process allows for easier administration of the programs through coordination and flexibility with the certain program parameters. Recently, changing the incentive levels are the most applicable process change and Evergy works with stakeholders to complete the process.

Q: On page 8 of his rebuttal testimony, Mr. Luebbert recommends that if the Commission approves Evergy's Cycle 4 MEEIA programs that the tariff sheets should include program-specific measures and the measure-specific incentives. How do you respond to his recommendation?

A: Mr. Luebbert's recommendation deviates from the level of detail that Evergy has included in its MEEIA program tariffs historically and his request requires more Commission involvement – and cost.

Evergy prefers to continue to operate under the standard process for updating incentives and utilizing the 11-step process. All of the measures available in the programs are documented in the TRM, which is updated annually to ensure accuracy and programmatic pivots necessary year over year. Likewise, the specific incentive ranges to operate within are also documented in a single separate document, which is provided annually along with the TRM. The incentive amounts are updated as appropriate to optimize incentivizing participation, utilizing the 11-step process. Evergy provides information about equipment available for incentives, program rules and ways to engage in the programs available to our customers on the website. Adopting Staff's proposal will reduce Evergy's ability to optimize program performance and to achieve the energy and demand targets. Providing this additional detail in tariffs limits the utility's flexibility to adjust programs based on market changes outside of the utility's control, like market and economic shifts. The tariffs should not contain data that is known and expected to change.

Lastly, Staff's request would increase administrative costs for Staff, the Commission and the Company. There is no reason to change a process that has been working well for over 10 years, provides the transparency needed to the Commission, and allows the utility to respond to changing market conditions to deliver incentives to customers.

VI. EVERGY'S EM&V PROPOSAL VERIFIES SAVINGS SO THE COMMISSION CAN TRUST RESULTS ARE ACHIEVED

Q: On page 53 of his rebuttal testimony, Dr. Marke states his belief that the TRM overstates the savings assumptions. Do you agree?

A: I cannot stress enough to the Commission that <u>for over 10 years</u>, Evergy, Evergy's independent EM&V contractor, Staff's auditor, OPC, Staff and other stakeholders have worked in concert in a deliberate and transparent manner during the EMV process to measure and report on savings impacts. The TRM proposed in Evergy's MEEIA Cycle 4 is essentially the same framework that was relied upon in the previous 10-years of EM&V impact calculations – and has consistently been improved to include additional references and calculations that I reference above.

Dr. Marke recommends that EM&V should be conducted on a retrospective basis, which is exactly how Evergy proposes the ex-post evaluation of gross savings from custom projects are applied. Let me differentiate, however, that Evergy's EM&V plan proposes to apply adjustments to deemed savings established in the TRM on a prospective basis only. The TRM defines guidelines for acceptable measurement protocols for energy- and demand-saving measures based on proven engineering principles and algorithms. A key purpose of the TRM is to reduce the burden on program implementation and evaluation staff in reaching reasonable estimates of energy and demand impacts from common measures, and therefore help ensure that the costs associated with delivering such measures is reasonably proportional to the impacts achieved. If annual billing analyses and metering studies result in a recommended adjustment to the energy or demand savings attributed to a deemed measure, such an adjustment would be made on a prospective basis for the following program year.

Q: What evidence do you have that Evergy's customers are saving energy and money as a result of its MEEIA programs?

A: Let me respond by offering examples of business customers who have personally shared their positive experiences by participating in MEEIA programs. Annually, Evergy creates profiles or case studies of some of its customers' energy efficiency projects to highlight the impact increased energy efficiency measures have had on their facilities, operations and finances. Those impacts are driven by real energy savings that are verified through customer applications and through the EM&V process.

I provide you YouTube links to videos with a few customers who share their story in their own words about the impact to their facilities, energy bills and community at large from participating in Evergy's MEEIA programs:

- Kansas City Public Schools: https://youtu.be/JVuM53FDNSs
- Kansas City Zoo: https://youtu.be/DJA6pPp4EdE
- Buchanan County Courthouse: https://youtu.be/9LHL98Kp9fk

Q: Dr. Marke also makes several recommendations related to the EM&V process. What is your reaction to his comments?

A: If, as Dr. Marke recommends, the adjustment was applied on a retrospective basis, the purpose of a TRM would be largely defeated. The TRM is based soundly on proven engineering principles, stakeholder review and approval, and is updated annually. Without it, program implementers would have no assurance that claimed savings would be upheld in evaluation, necessitating higher-cost scrutiny of the impacts of established measures throughout the program year and reducing the overall cost-effectiveness of program delivery for little expected gain.

Second, Dr. Marke recommends that all baseline shifts to energy efficiency measures should be applied "immediately upon federal adoption." The goal of EM&V is to compare impacts claimed to impacts observed in reality and contribute to continuous improvement of processes implemented and claims made. If Dr. Marke believes that equipment that does not meet federal efficiency standards disappears from customers' facilities, retailers' shelves, and contractors' inventory "immediately upon federal adoption" of an applicable standard, then this recommendation would, as Dr. Marke claims, temper savings to reflect "real-world conditions." However, given that this is not the case, the Company's proposed approach (to adjust claimed savings on a prospective basis according to annual evaluation of actual market conditions and observed impacts) is the preferred approach to align claimed savings with real-world conditions.

Q: While Dr. Marke says he opposes Evergy's MEEIA proposals, he does make suggestions for an alternative path forward, specifically mentioning EM&V on pages 54 of his rebuttal testimony. Do you have any comments on his proposals?

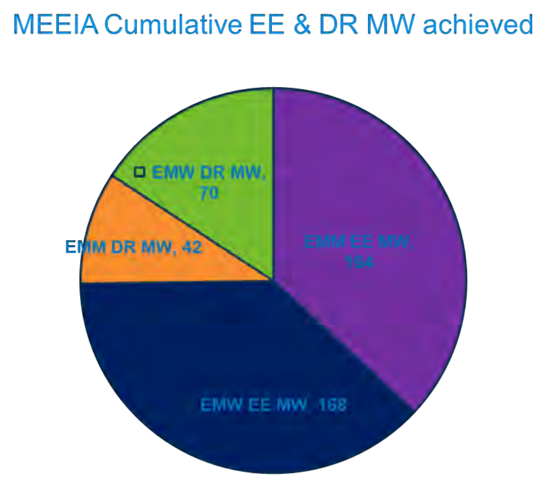
A: As I understand Dr. Marke's proposal, effectively it is to approve a MEEIA-light 2-year abridged cycle, to not include an EM&V, and extend TD as has been done with the two prior extensions of MEEIA Cycle 3 so that parties can work towards a state-wide managed program and potentially present such changes at the legislature. The short answer is that this is not workable for Evergy. While we appreciate that Dr. Marke is always looking for solutions, his proposal does not align with the intent of the Missouri legislature when MEEIA was passed and more specifically, Evergy has demonstrated the need to invest in MEEIA for its customers and avoid generation builds in the near- and long-term. In other words, undercutting EM&V to help make it simpler for an agreement is counter to the Commission's expressed interest in robust verified savings[8] and specific to MEEIA statute language.

[8] Mo PSC Commission Agenda 8/7/24 - post hearing memo discussion. https://efis.psc.mo.gov/Agenda/Display/88834

Q: What might be the impact to Evergy if Dr. Marke's reduced proposal was adopted with less energy efficiency programs?

A: As stated with Company Witness VandeVelde's direct, rebuttal and surrebuttal testimony, the DSM portfolio selected in the IRP process includes significant energy efficiency and demand response in the short term to help balance our supply needs with customer demand. I want to point out that if there is concern on how to measure energy efficiency, that can be resolved through EM&V and new approaches, including meter-based measurement of significant energy saving measures. The impact to Evergy's DSM portfolio in the short term and long term is significant on the demand reduction side as well. The figure below highlights the impact of energy efficiency on demand reduction that happens over time. Peak demand reduction ("MW") reduction from energy efficiency programs have accounted for 75% of total peak demand reduction achieved through MEEIA programs during the period 2013-2023. Because the MW savings of EE persist past the initial investment, the cumulative impact of EE is much larger over time. Removing energy efficiency from the portfolio creates a serious lost opportunity specific to demand reduction for a reason that seems to be easily addressable.

Figure 2



VII. THROUGHPUT DISINCENTIVE MODEL BASED ON VALUE OF REVENUE LOST IS ESSENTIAL PART OF MEEIA

Q: On page 5-8 of her rebuttal testimony, Staff witness Sarah Lange argues that the calculation of the net margin rate should not be based on hours when energy is used for a given end-use, rather it should be based on (if a Net Throughput Disincentive ("NTD") mechanism is used) the hours when energy for a given end-use can be avoided. Do you have any comments on her testimony?

A: We do not disagree on this point. Net margin rate is meant to represent the value of net revenue that the Company would have received had a participating customer not become more energy efficient and utilize less energy (kWh). This is in fact what Evergy is proposing in its MEEIA Cycle 4 - a recovery of throughput disincentive using the net margin rate associated with the time when the energy is saved. Company witness Jones discusses more details on how Evergy will update the net margin rate and associated throughput disincentive throughout the MEEIA Cycle 4 term.

Q: If you agree with Ms. Lange that the throughput disincentive and net margin rate should be used to approximate the value of the revenue of when the energy was not used, what is your understanding of Staff's concern?

A: Based on my read of Ms. Lange's testimony, we disagree on how and when energy is saved from MEEIA incented measures. Ms. Lange focuses on her belief that MEEIA incented measures don't save energy during peak times. I adamantly disagree with her point of view.

Q: As a fundamental assumption in her analysis on end use savings, on page 7 of her rebuttal testimony Staff witness Sarah Lange states that "many MEEIA measures will result in the compressor running less during many hours, but few, if any, measures will result in the compressor running less hours when the compressor is running non-stop." Can you please make sense of this statement for the Commission and explain why it does not describe how the MEEIA incented measures perform?

A: The specific sentence referenced is structured in such a way that sounds logical in a first read but needs broken down to understand the many flaws with the logic and conclusions. Ms. Lange appears to be asking if a person can trust that a compressor will use less energy after a more efficient measure is installed, specifically for all hours, including those during peak times. The simple, straightforward answer to this question is a resounding yes.

Ms. Lange's example focuses on the residential cooling load shape for a HVAC system. A more efficient HVAC unit (e.g. SEER 18 HVAC unit) that is a "MEEIA measure" will use less energy <u>whenever</u> the compressor is running by the nature that it is a more efficient compressor system. A building envelope upgrade (air sealing around doors/windows and/or attic or other insulation) will most certainly improve the ability to keep a house cool or warm during all hours, including peak times. Now this makes logical sense compared to the unsupported statements in Ms. Lange's rebuttal testimony that a compressor will run 100% of the time before and after a MEEIA incented measure.

Q: On page 9 of her rebuttal testimony, Staff witness Lange argues that Staff believes a very low Net-to-Gross ("NTG") floor should be used, principally due to the passage of the Inflation Reduction Act ("IRA"). Do you have any comments on this testimony?

A: Ms. Lange's recommendation is unfounded and premature. The Missouri Department of Natural Resources ("MDNR") has not announced any specific plans to deploy the IRA programs and there is no evidence that exists regarding the impact the IRA programs and funds will have on Evergy's MEEIA program participation, specifically attribution of the utility programs. She is proposing to reduce Evergy's NTG now because she believes that MDNR's IRA programs will significantly and solely influence whether or not the eligible customer installs a more energy efficient measure - not Evergy's MEEIA programs. Evergy has proposed that attribution be determined in Evergy's EM&V process rather than ascribe a NTG value that is unfounded and premature. Evergy proposes to allow the EM&V process to adjust attribution to the free ridership value[9] and reduce the "net" of the energy savings that can be claimed by Evergy. It is impossible to determine at this point what households will participate in MEEIA versus MDNR's IRA programs, which will participate in federal tax credits, and where there may be overlap. Therefore, no NTG floor adjustment is quantifiable enough at this time to be appropriate.

VIII. THE CONCERN OVER FAC INTERACTION WITH MEEIA PROGRAMS IS UNFOUNDED AND NOT AT ISSUE IN THIS CASE

Q: In OPC witness Lena Mantle's rebuttal testimony, she discusses at length Evergy's participation in SPP energy markets and the design of the Fuel Adjustment Cause ("FAC"). Do you find this discussion particularly important to the issues in this case?

A: No. Ms. Mantle's testimony very thoroughly discusses the interaction between the FAC and energy savings derived from MEEIA programs, but the value for this case is minimal. The reason it is not particularly relevant is two-fold. First, she and Staff portray that the FAC costs to non-participants is going to be make or break the portfolio's cost effectiveness and MEEIA statute compliance, specifically for non-participants. This assumption is invalid. This point can be proven mathematically by doing a sensitivity analysis on the TRC cost effectiveness test. To proof test against the worst case, let's use an extreme example (though not plausible) that all the energy savings happens at zero cost energy hours ($0.00/kWh). That essentially makes the energy benefits part of the TRC test go

[9] Participants who would have installed the same energy efficiency measures if there had been no MEEIA program.

down to zero. The average FAC rate $/kWh would go up for all customers in this scenario. So, we'll include the FAC impact as a cost in the TRC. This extreme example results in a lower benefit and higher cost, but the impact doesn't move the needle in cost effectiveness. As demonstrated below, the TRC of the portfolio is still well above 1.0 in this extreme and not plausible case.

Table 5

EMM TRC Comparison	TRC Benefits	TRC Costs	TRC Ratio
MEEIA Portfolio as designed	$246,282,650	$100,283,535	2.46
MEEIA Portfolio including reducing avoided energy costs to zero and max FAC costs into TRC costs	$198,503,263	$130,513,975	1.52

Second, the idea that the FAC interaction is an important analysis is further proven wrong because the MEEIA programs are designed to be driving energy and demand savings during peak times, which historically generally correlate with the higher energy price times in the SPP market. This was portrayed by the heat map[10] in my rebuttal testimony. But since this concern persists in rebuttal, Evergy analyzed energy savings as compared to energy pricing to determine if the average price saved is greater than the average price utilized in the FAC. The results clearly show Evergy's MEEIA Cycle 4 portfolio is designed to save energy in higher priced hours than the average.

Table 6

Metro	2025	2026	2027	2028
Benefit $/MWh savings	$ 21.40	$ 22.38	$ 23.38	$ 24.13
Avoided Energy Costs $/MWh	$ 18.96	$ 19.85	$ 20.73	$ 21.40
Difference	$ 2.43	$ 2.54	$ 2.65	$ 2.73

[10] EO-2023-0369- File rebuttal testimony Figure 1 p. 7.

IX. PROGRAM SPECIFIC TOPICS

A. MEEIA PROGRAMS CAN SUCCESSFULLY INTEGRATE WITH FEDERAL PROGRAMS

Q: On pages 2-4 of his rebuttal testimony, Staff witness Mark Kiesling criticizes Evergy for not outlining how Evergy's MEEIA Cycle 4 programs are going to account for IRA participants. Do you have any comments in response to his testimony?

A: As I mentioned earlier, there was not and still is not enough known details about how Missouri will leverage and roll-out the IRA funds, nor has there been sufficient guidance provided. However, Evergy has performed a cursory view of the impact of the IRA funds with known information that it believes the Commission will find valuable.

The IRA funds are projected to have an impact on approximately 2% (50,000) of the 2,458,324 houses in Missouri. One can reasonably expect that if higher cost, subsidized measures are offered, the 2% percent and number of impacted customers will drop even lower given that the budget is not increasing but the cost of measures are. Let me reiterate – **Evergy estimates the IRA budget will target 50,000 homes across the entire state of Missouri**.

For comparison, EMM and EMW serves 578,720 residential customers and has provided 20,714 HVAC and Insulation and Air Sealing rebates and energy efficiency upgrades to 9,800 income eligible multi-family units over the past four years (totaling 30,513 customers participating); equating to over 5% of our customer base. This is more than double the amount that the IRA will be able to fund.

There is no reasonable way to estimate and incorporate the IRA impacts into MEEIA Cycle 4 program plans. IRA impacts have not been quantified to allow for reasonable comparison with Evergy's MEEIA programs, the Company has and will continue to pursue sound and industry-accepted practices for incorporating the impacts of non-utility incentive programs on the Company's resource plans by utilizing the datasets provided by the U.S. Energy Information Administration's Annual Energy Outlook Report and others in the development of its gross load forecast.

For example, Section 13301 of the 2023 report explicitly includes forecasted impacts from the Section 25C tax credit for home energy efficiency improvements and excludes the impacts of the IRA Home Energy Rebate Programs, which have yet to reach the market. Stakeholders can be assured that the demand impacts of relevant non-utility incentive programs – to the extent that they can be reliably forecasted at present – are being accounted for in the Company's resource planning activity according to industry best practices, and the proposed MEEIA Cycle 4 plan reflects all cost-effective DSM investments, which are proposed for delivery in parallel to and coordination with "other governmental credits or incentives specifically designed for that purpose," in line with the MEEIA statute. As the various non-MEEIA programs evolve over the course of the program cycle, and program impacts and attribution are continually evaluated – as proposed – the Company will continue to ensure spending on MEEIA programs remains cost-effective and compliant with established rules.

Accordingly, Staff's assertion that "it does not make sense" for MEEIA programs to be offered because IRA funding is also available to drive energy efficiency reflects a fundamental misunderstanding of the statute and Commission rules governing MEEIA programs.

Q: Staff witness Eichholz argues that MEEIA income-eligible programs are not necessary in light of the federal, state, and other non-MEEIA programs that are available to income-eligible customers. Do you agree?

A: Absolutely not. Across the nation income-eligible utility support is more necessary than ever. The more resources that we collectively have in place to help income-eligible customers the farther reach and impact we can make to support energy efficiency for those with the greatest need. Specifically, Evergy's proposed income-eligible programs are planned to be implemented by both electric and natural gas utilities (co-delivered), which provide a value of coordination to promote a positive customer experience and maximize benefits to joint customers.

Q: OPC Dr. Marke created Table 5 in his rebuttal testimony that attempted to compare DoE's IRA funds and Evergy's MEEIA Investment called the "Tale of Two Energy Efficiency Programs". How do you respond to how those were portrayed?

A: Dr. Marke created an oversimplified table that needs to be corrected and expanded to do a proper comparison. I have done so below in a corrected Table 7 called - "Tale of Two DSM programs".

Table 7

	Missouri Division of Energy - IRA	**Evergy Missouri MEEIA Cycle 4**
Total Budget	$150M (household estimate in Evergy's territory – 25% or $36M)	$213 M
Earnings Opportunity	None	$39~~,982,690~~ M
Throughput Disincentive	None	$39M Cycle 4 estimate (neutral recovery as allowed by MEEIA statute to be recovered in between rate cases only)
Energy Savings Estimate	Unknown – no targets set	401,285 MWh incremental annual
Demand Savings Estimate	Unknown – no targets set	312 MW incremental annual
Benefits to all customers (including non-participants)	Unknown – no targets, no plan to measure, no focus on non-participants	$296 M (as required by MEEIA statute for all customers in a class participating or not)
Cap on Administrative Overhead?	Yes, 20%	No, Evergy with Commission precedent definition - 8.5% Evergy with DOE definition - %
Does the cost-effective ratio include the cost associated with an EO or TD?	There is no EO or TD cost	No. EO as allowed by MEEIA statute is included in IRP selection process and TD is a neutral b/c included in usage pre-EE.

Among other corrections noted with cross outs, I would call particular attention to the energy savings, demand savings and benefits part of the table, which are the foundations of MEEIA. The Federal programs have no targets set for those categories that I'm aware of and haven't seen any mention of how to validate and check that benefits are created for individual or for all customers and citizens, whether they participate or not as required by MEEIA.

Q: Please explain the benefits of Evergy's Hard-to-Reach Program.

A: There are many benefits which would result from the Hard-to-Reach Program as filed, at a high level the overarching primary benefits are increased energy efficiency, resulting in lower electric bills than would have occurred otherwise. Energy efficiency in these homes provides customers with more disposable income, to spend on other important purchases, along with more money to spend in local economy.

In addition, these programs also offer improved housing and often a higher level of home comfort, improved health and safety, increased property value and housing satisfaction, and lower maintenance costs. There is also local economic development value with the creation of more local jobs and improved quality of life.

Also, for the community and Evergy, there are benefits that include reduced environmental pollutants, improved public health, avoided excess cost of increased generation, capacity and transmission investments.

B. EVERGY'S EDUCATION PLAN IS ESSENTIAL TO DELIVER PROGRAM ADOPTION

Q: Mr. Hull also argues that no additional funds should be used for educating its customers about Demand Response programs. Do you agree?

A: No. Mr. Hull states that "educating customers about the programs should already be part of what the third-party implementer is providing." Third-party program implementers presently delivering the Company's Residential Demand Response and Business Demand Response programs *do* provide customer education as a part of program delivery. As federal policies and technologies evolve it is imperative to place increased focus on customer education regarding demand response within the proposed portfolio. While Mr. Hull notes that the Company's Demand Response programs have been in place since 2013, it is worthy of note that the mode of participation for customers has changed since program inception. For example, when residents' demand was curtailed via Company-owned one-way thermostats customers were educated about adjustments made to their programmable thermostats in advance of an event to pre-cool their homes prior to an event. Now participants' demand is curtailed via smart thermostats with pre-configured control sequences to optimize comfort throughout an event. As technology evolves and thousands of new participants are enrolled and onboarded into the program each year, continued education is key to achieving sustained impacts and customer satisfaction. The implementation of the proposed Demand Response Energy Education Program will be coordinated with the implementation of the Home and Business Demand Response Programs. Irrespective of whether costs are captured within the Home and Business Demand Response Programs be classified as Program Delivery or separately, the programs remain cost-effective.

Q: On page 7 of his rebuttal testimony of Mr. Kiesling recommends rejection of the Home Energy Education Program. Please explain why the Home Energy Education Program should be approved.

A: Education serves as the fundamental catalyst for customers to comprehend the benefits of DSM, adopt it, and participate in related programs. The aim of the Home

Energy Education program is to help customers understand where energy is being used the most in their homes, offer tips and guidance on how to minimize energy usage, and suggest cost-effective methods for savings. As their utility, we serve as a trusted and reliable source regarding energy usage and management, playing a pivotal role in educating through clear and simple communication. Based on our research with ESource, Evergy learned that 57% of US customers look at their utility as energy efficiency experts. We anticipate a need for explanation and awareness before expecting a customer to undertake an energy-efficient enhancement. While customers can certainly research on their own through federally available programs, as their utility we are uniquely well positioned to provide that energy efficiency advice. This is also the best strategy to help meet customers where they are in their customer lifecycle, and reduce the need for barriers to participation, confusion, or hesitation. Through research we also learned that the main barrier to participation cited was a lack of program awareness (38%). We can address this issue by enhancing energy efficiency education and outreach efforts.

Over time, we have gained insights into how our customers perceive and receive information about energy efficiency. Our communications have been crafted to meet our customers at their respective stages in their lifecycle with timely and fitting messages. We also know our customers receive information differently. Those without an email on file, for example, would fit better with a non-digital educational communication. Our outreach efforts concentrate on four main steps to nurture participation in DSM programs: awareness, education, conversion and engagement. Education is a vital step in this customer journey, with messaging designed to explain the “why” and provide a deeper level of engagement. Education plants the seed of awareness, enabling customers to expand their knowledge of energy efficiency and contemplate energy management even after implementing an energy efficiency measure. By focusing on these steps, we are not only informing but also empowering our customers. Plus, we are creating personalized interactions for future energy efficiency steps that a customer may not necessarily find without the interaction coming from their utility.

For example, our messaging around energy efficiency steps may differ for a renter versus an owner. Our understanding of our customers’ premises gives us a unique advantage in delivering the most relevant and effective messages, maximizing our outreach efforts. With the information we have on past customer program participation, our messaging can be tailored to serve dynamic and customized messages to appropriately encourage the next steps of engagement.

Education is a powerful tool that equips customers with knowledge to make informed decisions about energy that are suitable for their homes and align with their lifestyle. Through a blend of program tactics, including integrated awareness education outreach, online education and digital tools, and community events, among others, we can reach a broad spectrum of customers and offer relevant energy efficiency education that is pertinent to their lives. Without education as a dedicated program, we risk missing unique opportunities to raise energy efficiency awareness, which is crucial for capturing customers’ attention and guiding them towards program participation.

Specifically, Mr. Kiesling calls out the building codes portion of the filing and how it is not Evergy's place to establish building codes. Evergy is not proposing such, instead we recognize that building codes standards are not always enforced/followed and working with builders and building inspectors to ensure the value of energy efficiency is understood is necessary.

Q: Staff is also recommending the rejection of the Business Energy Education Program. Please explain why the Business Energy Education Program should be approved.

A: Our Business Energy Education Program is a vital part of our DSM portfolio. Education is a strategic element of energy efficiency outreach, enhancing customers' energy management awareness and leading to significant impacts when measures are adopted, resulting in decreased energy usage. Research from ESource shows that 57% of US customers primarily look to their utility for energy efficiency guidance. Our educational efforts are crucial in influencing decision-makers. Many of our business customers are small-to-medium-sized enterprises, where employees often juggle multiple roles and may not have the time to manage energy usage. The Business Energy Education Program engages customers directly with relevant information tailored to their unique needs.

Effective communication often requires a nurturing approach, providing customers with relevant energy efficiency information to grow their knowledge and eventually adopt energy-efficient measures. Unlike simple e-commerce transactions, our business programs involve customized interactions supplemented with educational awareness content. A dedicated program representative works directly with businesses to understand their needs and available resources, making the process educational. Evergy customer case studies showcasing business program participants complement general education and program information, demonstrating how relatable customers have turned energy usage insights into actionable measures that save money and energy. This content can be repurposed for various educational outreach efforts, including email, event collateral, web information, video, social media, and more. This information showcases local businesses that customers can relate to, providing a clear and tangible vision of potential energy efficiency opportunities. Research through ESource supports this as businesses look at similar businesses (29%) for energy efficiency advice.

The Business Energy Education Program enhances our direct B2B outreach through community events and rural engagement, fostering personal interactions with potential participants. Our customer research indicates that direct outreach is a significant driver of program participation, with 32.5% of customers identifying a program representative as their main source of awareness. Similar to residential customers, business customers may require awareness and explanation of energy efficiency before they can undertake energy-efficient enhancements.

The goal of the Business Energy Education Program is to help business customers understand their energy usage, offer tips and guidance on minimizing it, and suggest cost-effective savings methods. As their utility, we are a trusted source for energy usage and management, playing a pivotal role in educating customers about their energy efficiency options.

Q: Do you have any final comments to these specific pushbacks to the need for Demand Response Education programs within MEEIA?

A: The Demand Response Education budget is essential to allow Evergy to educate, recruit and engage customers for participation in our programs. Said another way, without these funds, the participation will be severely impacted. In a period where our participation goals are ramping up significantly (e.g. Business DR MW goals are up between 70-110%), the budget for educating customers will be crucial in order for us to achieve the participation and MW goals set to meet our expected IRP impacts.

C. DEMAND RESPONSE IS HIGHLY COST EFFECTIVE AND DELIVERS VALUE IN SPP THAT ARC'S CANNOT

Q: On pages 8-12 of his rebuttal testimony, OPC witness Geoff Marke discusses Aggregators of Retail Customers ("ARCs") in Missouri and their impact on the need for MEEIA programs. Do you have any comments?

A: Yes. Dr. Marke states that, "This MEEIA docket represents the first opportunity in which a free-market alternative should supersede a proposed MEEIA program ("Business Demand Response") that has historically been controlled by a natural monopoly," and that "I also struggle to see why having ratepayers subsidize this business demand response program is in their best interest when free market alternatives exist." It is important to note that ARC-administered demand response and the Company's Business Demand Response ("BDR") Program, are **not** direct substitutes for one another or "alternatives" that are interchangeable. Key distinctions between ARC-administered demand response and retail utility programs lie in the type of benefits achieved, as well as the degree to which benefits to non-participants can be quantified and measured.

Specifically, Dr. Marke has previously stated the primary avenue through which ARC-administered demand response may deliver potential benefits to non-participants is a lower clearing price (in theory). This is **not** the primary driver of retail utility program benefits. Instead, the primary benefit delivered to all ratepayers through the BDR Program is the avoided capacity investment resulting from the Company's ability to incorporate the verified and consistent impacts of these stable programs on the Company's forecasted load in its resource planning process. While third-party ARC programs have the potential to deliver benefits to non-participants in the form of a lower clearing price for wholesale energy or ancillary services, these benefits have not been quantified, and a framework does not exist for the Commission and stakeholders to monitor the realization of these benefits relative to the costs of these programs to all ratepayers. While Dr. Marke purports that "there is a literally a market alternative that can call events at no cost to ratepayers," the Company's response filed on June 22, 2023 in Docket No. EW-2021-0267 describes utility activities necessitated by the operation of ARC-administered demand response (such as the processing of market registrations and design of systems to support communications with ARCs and SPP regarding the operation of ARC-controlled resources) – all of which result in costs of ARC programs that are presently borne by all ratepayers.

Alternatively, with respect to the Company's BDR Program, the Company is required to quantify the forecasted costs and benefits of the program for both participants and non-participants for review by the Commission and stakeholders; the actual costs are then subject to further review for prudence and true-up as necessary. Appendix 8.1 – Program Descriptions includes the results of the cost-effectiveness assessments for the proposed implementation period of 2025-2028, including an average Ratepayer Impact Measure ("RIM") result of 3.56 for Missouri Metro and 3.78 for Missouri West – demonstrating net positive impacts for both participants and non-participants in the BDR Program. Given these significant distinctions in the type of benefits achieved by ARC-administered demand response and the Company's BDR Program, as well as the degree to which benefits to non-participants can be quantified and monitored by the Commission and stakeholders, it is apparent that the two are **not**, as Dr. Marke indicates, interchangeable "alternatives."

Further, Dr. Marke states on page 10 of his rebuttal testimony that "In this MEEIA proposal though, Evergy Missouri requests that the Commission allow it to continue to fill that free market role through direct subsidies from captive ratepayers." The Company would clarify that what it requests of the Commission in this proposal is the ability to value demand-side investments equal to traditional investments in supply and delivery infrastructure and recover all reasonable and prudent costs of delivering cost-effective demand-side programs, as established by MEEIA.

Given Dr. Marke's final support of the Company's BDR Program on page 12 of his rebuttal testimony, the Company requests that the Commission see the value and differentiation as described here and approve as well.

Q: Dr. Marke recommends that the residential demand response program be terminated. Do you agree?

A: No. The residential demand response program proposed in the Company's application offers distinct value within the Company's DSM portfolio and is demonstrably cost-effective and beneficial to both participants and non-participants (as indicated on page 34 of Appendix 8.1 to the Company's application). Part of the strategy is for Evergy to continue to pursue implementation and education to promote adoption of time-of-use rates and a Bring Your Own Device ("BYOD") approach, as recommended by Dr. Marke. The residential demand response program provides distinct value to the Company's DSM portfolio as a dispatchable resource that the Company can call upon during high-priced and emergency conditions to achieve impacts that customers may not be willing or capable of providing on a daily basis associated with TOU rates, but are willing to provide under specified conditions in exchange for an incentive. The existence of multiple pathways for customers to receive financial incentives for achieving peak demand reduction allows for increased opportunities for customers to benefit from demand response programs and investments.

D. OPC PROGRAM SPECIFIC SUGGESTIONS ARE NOT APPROPRIATE AND MAY RESULT IN UNINTENDED CONSEQUENCES TO RESULTS

Q: Dr. Marke also testifies that the Commission should cap expenditures on lighting at 25% in year 1, 20% in year 2, and 10% in year 3, and no lighting measures in year 4. Should the Commission adopt this recommendation?

A: Business lighting incentives in MEEIA are still necessary to entice businesses to upgrade lighting in two primary situations, in which we have witnessed through prior MEEIA cycles; 1) customers don't understand the value of upgrading their lighting before the existing lamps burn out and 2) many businesses have a stock of non-efficient lamps, which were purchased previously that would be installed if not educated and motivated to instead install more efficient lighting. Both of these points are clearly evidenced by the high level of interest and participation that Evergy continues to see in lighting upgrades. Evergy has continued to decrease our allowable Business lighting projects (as a percentage of total projects) in recent years and expect that continue of more non-lighting project focus to continue.

If and when there is a federal mandate to halt all non-LED production, similar to the standard screw-in LEDs we saw with the EISA, Evergy would implement rebate discontinuation based on the rules and requirements of the lamp types that are disallowed from being produced. For 2024 Evergy agreed to have at least 40% of incentive spend on non-lighting projects, said another way - up to 60% of incentive spend could be spent on lighting projects. In summary, the requested 25%, 20% and 10% for MEEIA Cycle 4 PY1, PY2 and PY3 respectively for lighting projects is an excessive reduction, compared to what was agreed upon in

2024 and what Evergy expects as reflected in our filing of MEEIA Cycle 4 proposal.

Q: On pages 20-21 of his rebuttal testimony, Dr. Marke recommends that the single family and multi-family new construction, IE home products, IE energy efficiency kits, and the appliance recycling sub-programs be removed from the MEEIA portfolios. Stating this is because of the high level of free-ridership in new construction, income eligible home products and income eligible energy efficiency kits and poor cost effectiveness in appliance recycling. Do you agree?

A: No. New construction incentives for energy efficiency, benefits the portfolio of MEEIA Cycle 4 programs by providing incentives to reduce the energy use intensity in housing at the time of construction before it is a lost opportunity. It is a component of market transformation that can familiarize architects, developers, builders, and subcontractors with energy efficient techniques. Dr. Marke mentions that niche developers that would build to high standard levels regardless of the rebate are the ones that would participate, leading to free ridership. Evergy would follow the standard EM&V process to identify if/where this occurs and also as standard in this process, these projects would be removed from incremental, claimable energy savings for Evergy. If energy efficiency is not incorporated at the time of construction, the new building stock represents a "lost opportunity" for energy savings because it is more difficult and expensive to install efficient measures and equipment after construction is completed. Evergy has witnessed this firsthand in which the builder builds a home (single family and multi-family) all-electric and installs electric resistance heat. Later to be called by the customer wondering why their electric bill is so high during their 1st winter season. These are market-rate new construction residences, in which we feel is a huge, missed opportunity in the past, for Evergy to influence to become more energy efficient with available cost-offsetting rebates.

For Income-Eligible Home Products, the only opportunity in this space that Evergy is proposing to support is the Offer Center. Which is an online tool delivering free offerings to customers that are 200% or below FPL. Periodic promotions are provided where an email is sent to the customers that are identified at or below this FPL - allowing them to place an order for the free items. In the past we have done things such as weatherization kits, spray foam, deluxe window film kits, and LEDs. This allows us to provide energy savings products to customers who otherwise might not be able to make these upgrades, to afford these items. By removing the up-front cost barrier of these products, it allows the customer to receive long term savings they otherwise would not have been able to while also making their home more comfortable. According to the MEEIA statue the programs that support low income do not need to be cost effective, and therefore free ridership is not a concern. To assume free ridership is to assume that these customers would have spent the limited amount of money they have on 'nice to haves' that benefit their energy efficiency. I believe it's a generally understood that if it comes to either putting food on the table or purchasing spray foam; food is the sure winner here.

Appliance Recycling allows us to get old, still operable, appliances off the grid instead of customers continuing to use these appliances in their homes when there are much more efficient options. Evergy adjusted the approach in how we deliver appliance recycling and become more cost effective than the previous program design. In the past we had utilized an out of state recycling company to drive from Minnesota and pick the appliance up from customers' homes. In the new model we are joining already established community events utilizing a local recycling company. The customer brings their appliance to the event and we pay the recycling fee and they receive their rebate. The overhead costs have been cut down from this previous method. We believe it is important to our portfolio to continue to have these interactions out in the community and receive feedback that people do appreciate this drop-off appliance rebate opportunity.

Additionally, Evergy does not give out kits nor do we propose giving out kits, the only kits Evergy proposes is through the Energy Savings Kit option, which is part of an optimized customer experience. Where the customer receives an in-home energy assessment by an Evergy Energy Efficiency Professional, along with energy savings kit measures that are directly installed while in the home, with the inefficient items removed. There is no other offer such as this out there for these customers, so no premise to assume these customers would have done this same thing (paid for an energy assessment/audit that offered instant energy benefits with a direct installation option) absent this offer, leading to free riders.

Q: OPC Dr. Marke also recommends incorporating filter removal and real estate focus. How do you respond?

A: In general, Evergy is open to evaluating alternate program and measure ideas, as indicated in the research and pilot portion of our proposal. These recommendations provided by Dr. Marke could make for good potential pilot programs.

E. EVERGY'S FINANCING PROGRAM TAKES THE LEARNINGS FROM PAYS® PILOT AND CREATES THE RIGHT OFFER FOR THE TARGET MODERATE INCOME CUSTOMER

Q: Dr. Marke argues for the continuation of the PAYS® Program. What are Evergy's concerns about this program?

A: Evergy strongly believes that the PAYS® program should not continue in its current form or even modified form, if such modifications are allowable. Despite being active for nearly three years and making as many changes as allowable, the program has failed to deliver satisfactory results for our customers. Key issues include

1) extraordinarily high co-PAYS® causing lack of adoption,
2) an average customer journey timeline exceeding six months,
3) lack of contractor choice and driven by lack of contractor interest to participate,
4) high delivery costs that constitute 25% of the residential portfolio while achieving less than 5% energy savings -
5) resulting in a TRC score of 0.3.

Over the past three years, Evergy has made several adjustments within the registered trademark requirements of the PAYS® program. These include hiring

ICF for their expertise in quality assurance, quality control, and reporting, as well as building science expertise, which has also been adopted by the other large utilities in Missouri operating a PAYS® program. Additionally, the company invested in a customer self-scheduling tool to simplify the enrollment process, given the high customer interest in an On-Bill Financing program. Marketing adjustments were also made to assist our implementer, EEtility, to manage the high demand. While operational improvements are ongoing, certain PAYS® requirements under the registered trademark that cannot be modified due to the trademark limitations continue to hinder the program's success for our customers.

More specifically below are the concerns that Evergy has with the current registered trademark PAYS® program that we have identified and have a plan to address specifically for our proposed Moderate Income On-Bill Financing Program:

- Only 5% of customers who expressed interest and enrolled in the PAYS® program moved forward with upgrading their homes with high energy efficient equipment. Nearly half of those customers are customers whose income exceeds $100k, considering these customers as high-income earners and were not the intended target customers for this program offering.
- The registered trademark PAYS® program requires a 20% net cash flow, if this is not met, a co-pay becomes mandatory. Nearly 95% of projects require a co-pay with the average co-pay being $6,000 or 60% of the total project cost.

- Registered trademark PAYS® does not allow the ability for an early payoff of the tariffed amount. This requirement has been the source of numerous customer grievances in the past, especially when a customer intends to sell their property.
- PAYS® has repayment terms set at a maximum of 12 years (144 months), which is less than the estimated useful life of the measures that are being installed. This puts additional pressure on trying to achieve a cash flow of 20% without having an extraordinarily high co-pay that the customer has to pay out of pocket or finance through other sources, which typically comes with a higher interest rate.
- The PAYS® program operates under a closed network of contractors that necessitates a pre-agreed pricing structure and 2% fee paid by the contractor to participate as a contractor in the PAYS® program. As a result, this has deterred contractors from considering participating in PAYS®. The Evergy PAYS® program only has two contractors out of the 200+ active trade allies into our network. Evergy believes we need to move towards an open, free market where customers are allowed to choose their contractor of choice and fostering an environment of competitive bidding for jobs.
- The current PAYS® program base energy bill savings off current year's retail electricity pricing. Measures installed in customers' homes have estimated useful life spanning 15 years. We plan to use

a rate escalator to capture the bill savings for the life of the equipment installed.

As a result of extremely low conversion rates based on the high demand of interest from our customers for an On Bill Financing ("OBF") program that we have seen over the past three years, and the extremely restrictive limitations of the registered trademark PAYS® program which have resulted in high delivery costs and low energy savings, Evergy has put forth a proposed plan that we strongly believe will counter the restrictions while maintain the 'spirit' of the PAYS® Program, below are the notable changes:

- Adjusting the eligibility criteria for OBF to customers who fall within 201-300% Federal Poverty Income Levels, these are customers who do not meet the qualifications for free weatherization programs yet cannot easily afford high-priced energy efficient upgrades to their homes due to limited upfront cash or low credit scores.
- Slightly adjusting the net cash flow requirement to a minimum of 5%. This adjustment ensures that customers can still experience a decrease in their energy bill. It's worth noting, most on-bill financing and on-tariff financing programs operated in the United States, excluding PAYS®, only require a 'net positive cash flow', in the range of 5-10%.
- Setting incentive levels to cover ~ 100% of the incremental costs for qualifying measures. Since our proposed program is designed

specifically for those who meet certain income criteria and is not intended for customers in the standard market rate category.

- Inclusion of a provision that permits early payoff, based on feedback received from our customers. This change aims to provide our customers with more flexibility if they decide to sell their home or re-locate. This change is to enhance customer satisfaction and provide them with more options.
- Slightly extending the repayment terms to 180 months (15 years). This proposed adjustment aligns with the terms of other OBF programs and the expected lifespan of the eligible energy efficiency measures. It is worth noting that EEI agreed that 15 years is an acceptable repayment term.
- Allow all contractors within Evergy's Trade Ally network to participate in the program. This change will empower customers with the freedom to select and obtain quotes from any contractor of their choice, thereby fostering competition and encouraging competitive pricing amongst contractors.
- Incorporate the use of a rate escalator to synchronize the savings on the energy bill with the utility rates for energy, spanning the lifetime of the measures and the repayment period.

Q: What is Evergy's concerns with Bulk Purchasing of HVAC's as recommended by Dr. Geoff Marke as it relates to the PAYS® Program improvement?

A: Evergy has several concerns with Dr. Marke's recommendation for implementing an HVAC Bulk Purchasing provision to solely improve PAYS®:

- **Inventory Management:** Managing a medium to large volume of HVAC equipment can be costly and challenging. Overestimating demand can lead to excess inventory, increased storage costs, and potential obsolescence. Evergy is not in the business of storing HVAC equipment, and implementing this will be extremely costly, difficult, and labor intensive to implement.
- **Price Volatility:** Bulk purchasing can expose Evergy to price fluctuations, which can impact overall cost savings.
- **Supplier Dependency**: Relying heavily on a single supplier for bulk purchases can create dependency risks if the supplier faces financial or operational issues, it could disrupt the supply chain.
- **Quality Assurance:** Ensuring consistent quality across all purchased units is crucial. Any compromise in quality can lead to customer dissatisfaction and increased maintenance costs.
- **Customer Satisfaction / Brand Choice:** Customers have specific brand preferences for brands and models. Limiting choices of bulk-purchased items will not meet the needs of our customers.

- **Contractor Participation:** Similar to the PAYS® program, a closed network of contractors with pre-agreed pricing might deter participation, limiting the program's effectiveness. In addition, we would undoubtedly harm our existing trade ally relationships should we enter the HVAC purchasing arena. It is critical that Evergy remain neutral when it comes to customer choice in HVAC brands/models and contractor choice.
- **Financial Risk:** The upfront cost of bulk purchasing can be significant, in addition to warehousing costs, insurance costs, and labor hours needed to manage this process that will far exceed the costs needed compared to the costs associated with our proposed moderate income OBF program.

In summary, pursuing an HVAC bulk purchasing program presents several challenges for Evergy. Managing a large inventory of HVAC equipment can be costly and labor-intensive, with risks of excess inventory and obsolescence. Price volatility can impact cost savings, and reliance on a single supplier poses supply chain risks. Ensuring consistent quality is crucial to avoid customer dissatisfaction and increased maintenance costs. Limiting customers' brand choices may not meet their needs, and a closed network of contractors could deter participation and harm existing trade ally relationships. Additionally, the significant upfront costs, including warehousing, insurance, and labor, would likely exceed those of the proposed moderate income OBF program. Therefore, it is critical for Evergy to remain neutral in customer and contractor choices.

Q: Does Evergy's Moderate Income Single Family OBF Program Eliminate Consumer Protections?

A: In Dr. Marke's rebuttal, he indicated that moving forward with Evergy's proposed Moderate Income OPF Program would eliminate the consumer protections that PAYS® offers. Simply put, that is not the case. Our proposed alternative path keeps the core foundations of what PAYS® offers with slight modifications that are also used in other OBF programs throughout the country to help drive participation and increase energy savings for our customers, in a streamlined and affordable process.

Evergy's Moderate Income OBF proposal, will still include the key following consumer protections:

- **No New Debt –** upgrades and the associated monthly charge do not create new debt for participants.
- **No repossession –** upgrades cannot be repossessed.
- **Cost Recovery Tied to Meter –** The cost recovery is associated with the utility meter, not the individual, making it accessible to renters and those unwilling to accept personal debt obligations.
- **Notification Requirement –** Homeowners must notify prospective buyers or renters of the installed energy upgrades and the terms for cost recovery. Evergy's proposed plan allows for flexibility that will allow early payoff of the upgrades per agreement between transacting partners of the sale of the home.

- **Inclusive Access:** the program will not require consumer credit checks, making it accessible to moderate-income customers.

These protections help ensure that participants can realize the savings from energy upgrades while minimizing financial risks.

Q: Does Evergy have any concerns with PAYS® Fast Track Program, recommended by Dr. Geoff Marke?

A: Yes, Evergy has concerns regarding EEtility's Fast Track proposal. Firstly, Fast Track does not require an energy assessment of the home and only focuses on a single component for energy savings, the HVAC unit. If there are air leakage or insulation concerns of the home, this will not be identified, and energy savings could be negated. One of the main consumer benefits of our program is the free energy assessment and leads that can lead to whole home (HVAC and Weatherization) solutions that lead to greater energy savings.

Secondly, to Evergy's knowledge, there has been minimal to no discussions with contractors in their willingness to participate in the program. As of today, Evergy PAYS® only has two HVAC contractors out of 200+ approved contractors on our approved Trade Ally ("TA") list. Contractors have been hesitant to join the PAYS® program due to added requirements and pre-agreed pricing that have resulted in contractors not willing to participate in the PAYS® program. That is the prime reason for Evergy's Moderate Income OBF proposal to remove the excess barriers that PAYS® requires and open a customer choice, open competitive environment around contractors allowing the customer to choose their contractor and receive quotes.

Thirdly, Fast Track promises to have an offer to the customer within 15 minutes. Evergy has concerns that Fast Track will be able to deliver on that promise, given the notable amount of data ingestion issues that EEtility has in addition that as of today, it takes EEtility 1-2 months after an assessment to be able to provide an E-Z plan to the customer. Evergy also has concerns with the quality assurance and quality control procedures that are not outlined here to ensure accurate savings analysis, given the very quick turnaround time for an offer to be presented to the customer.

Lastly, Fast Track still requires an 80/20 rule (where the project cost monthly re-payment amount of can't be more than 80% of the monthly energy savings in dollars). This is the prime reason that co-pays are high, and conversion rates are low. This is the main reason that Evergy has proposed modifications to improve conversion rates for customers. The average co-pay with both HVAC and Weatherization work is around $6,000 and its higher when it is an HVAC only project, which is what Fast Track is geared towards. Therefore, unless modifications are made around the 80/20 rule, our data suggests that co-pays will continue to be extremely high and conversion rates low.

Q: Is there anything you would like to say related to your proposal to deviate from PAYS® to this new Moderate Income OBF Program?

A: Yes, Evergy's intent with this level of detail provided above related to PAYS® is to show that the Company has invested an extraordinary amount of effort into the PAYS® program over the past three years and it is still not in a place we feel is appropriate to continue, based on costs versus value and the ongoing issues as noted above. This is the Company's opportunity to try something different, something that has the potential to work better to align with the intent of what we are trying to accomplish- offering those customers that could not have otherwise participated in whole home energy efficiency upgrades the opportunity to do so Evergy requests the Commission authorize this Program.

Q: On pages 44-45, Dr. Marke argues in favor of the Urban Heat Island program and recommends that the Commission authorize an annual budget of $1 Million with the possibility of increasing the budget as the cycle progresses. Do you have any comments?

A: Evergy did propose to continue the Urban Heat Island Program that was agreed upon in the MEEIA Cycle 3 Extension Stipulation and Agreement and extended the program for an additional year (PY2028) with an additional budget of approximately $500,000 added.

Q: Does that conclude your testimony?

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 File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	)	File No. EO-2023-0369
In the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	)	File No. EO-2023-0370

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 sixty-one (61) 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 20th day of August 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