# Exhibit No. 134

Evergy Missouri West – Exhibit 134
Bradley D. Lutz
Rebuttal
File No. ER-2024-0189

Exhibit No.:
Issue: Rate design studies and
rate case commitments
Rate Modernization Plan
Non-Residential Rate Design
Reactive Demand
Miscellaneous Tariff Changes
Municipal Street Lighting
Special Rate for Incremental Load Service
Witness: Bradley D. Lutz
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2024-0189
Date Prepared: August 6, 2024

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2024-0189**

# REBUTTAL TESTIMONY

**OF**

**BRADLEY D. LUTZ**

**ON BEHALF OF**

**EVERGY MISSOURI WEST**

**Kansas City, Missouri**
**August 2024**

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**REBUTTAL TESTIMONY**

**OF**

**BRADLEY D. LUTZ**

**Case No. ER-2024-0189**

**Q: Please state your name and business address.**

A: My name is Bradley D. Lutz. My business address is 1200 Main, Kansas City, Missouri 64105.

**Q: Are you the same Bradley D. Lutz who submitted direct testimony on February 2, 2024?**

A: Yes.

**Q: On whose behalf are you testifying?**

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

**Q: What is the purpose of your testimony?**

A: The purpose of my Rebuttal Testimony is to respond to the testimony of certain witnesses on behalf of the Missouri Public Service Commission Staff ("Staff"), Missouri Energy Consumer's Group ("MECG") and Renew Missouri ("RenewMO") regarding:

1. Non-Residential/Non-Lighting Rate Design;
2. Charges for AMI Opt-out;
3. Tariff Clean-up and Other Changes;
4. Other Tariff Provisions;
5. Municipal Streetlighting Charges; and
6. Net Metering for Residential Time of Use.

## I. NON-RESIDENTIAL/NON-LIGHTING RATE DESIGN

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

A: I will respond to the testimony of Staff witness Sarah Lange and MECG witness Kavita Maini. Specifically, I will speak to Staff's testimony concerning the proposed time-of- use ("TOU") overlay of the hours-use energy charge, the proposed removal the seasonal energy component also within the hours-use energy charge and the elimination of the frozen space heating rates. For MECG, I will respond to the proposal to add a single phase-three phase allocator to the determination of distribution costs. Company witness Marisol Miller provides additional testimony concerning the Staff and MECG proposals. Company witness Craig Brown provides additional testimony concerning the MECG single phase-three phase allocator proposal as part of his Class Cost of Service ("CCOS") rebuttal.

**Q: What is your understanding of the Staff proposal for the non-residential rates?**

A: Staff is proposing a mandatory time-based overlay be applied to the hours-use energy charge of the non-residential/non-lighting rates. Staff recommends this overlay be applied simultaneously with the promulgation of new rates in this rate case.

Staff is also recommending that the frozen, separately metered heating rate in the Small General Service class and seasonal pricing elements, a component of the Annual Base Demand ("ABD") methodology and present in all the current non-residential energy charge be eliminated. This would be accomplished by combining the determinants of these rates into the respective tail block of the general rate at the same voltage.

**Q: Do you support this proposal?**

A: No.

**Q: Do you agree with Ms. Lange's characterization of her proposal being "aligned" with Evergy's recent rate structure changes in Kansas?**[1]

A: No. In Kansas, Evergy *simplified* the existing rate by replacing the hours-use structure with simpler rate structures, specifically a two-period time variant rate structure. Ms. Lange's proposal does the opposite. Her proposal retains the hours-use structure and *adds* complexity in the form of an overlay. Additionally, in Kansas, before deciding on changes to the hours-use rate structure, Evergy conducted detailed analysis of a variety of alternatives and their impact on customer bills.[2] Ms. Lange's proposal includes no such consideration for the potential impact on customers.

**Q: Why don't you support Staff's overlay and seasonal proposals?**

A: Mainly, I do not support Staff's overlay proposal because it represents a mandatory implementation of the structure without the benefit of any robust customer impact analysis. Building off our experiences from the residential TOU transition, it is clear that these approaches can be impactful to the customer, the Company or both. I have concerns that this approach will share those effects.

Staff's overlay approach would appear to mirror the structure used for the Residential Peak Adjustment rate, Schedule RPKA, by incorporating a peak charge and a super off-peak credit to the hours-use blocked energy charges. However, the situation is quite different. Staff's overlay periods are more segmented, and the overlay is being applied to hours-use pricing, not simple kWh pricing as was done with the residential RPKA rate.

[1] Lange Direct, p. 19, line 21.
[2] Alternatives to Evergy's Hours Use Rates for Commercial and Industrial Customers, Exhibit MEM-1 to the Direct Testimony of Marisol Miller prepared by The Brattle Group, Docket 23-EKCE-775-RTS, filed April 25, 2023. (http://estar.kcc.ks.gov/estar/ViewFile.aspx?Id=14c99e80-66cd-4709-b825-844cf6d8ada9).

I do not support Staff's seasonal energy elimination as proposed because the approach taken does not sufficiently transition this energy into the blocks of the general service rate. Staff has moved the determinants of the seasonal energy to the tail block of the respective general service rate. This is understandable given the presentation of the seasonal energy determinants in the Company workpapers; however, additional detail on the blocking breakdown could be obtained from the Company systems to support a more precise alignment of the seasonal usage to the blocks of the general service rate. In anticipation of addressing the ABD in a future case, the Company has identified data and the need to extract the blocking of this charge.

I also do not support Staff's proposals because they do not align with the Company rate design plans I have described in my direct testimony and the proposals will complicate the steps to transition away from the ABD methodology, a key next step identified for the EMW jurisdiction. The Company continues to discuss and refine its rate design plans with input directly from customers. In my direct testimony, I shared details from collaborative efforts in Kansas. Those interactions have been important to inform and refine our plans.

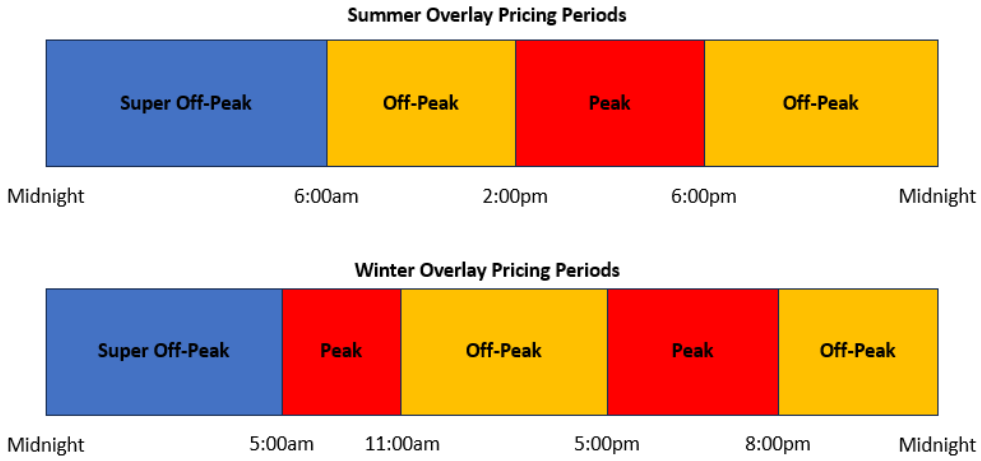
**Q: Is Staff's proposed overlay a useful addition to the existing rate design?**

A: No. The proposed overlay increases the complexity of an already complex rate design. As mentioned earlier, the hour-use blocking is not like the kWh blocking of the existing RPKA residential rate. The hours-use for a given month is determined by dividing a customer's total monthly kWh by the monthly maximum demand. For example, if a customer had a monthly maximum demand of 868 kW and consumed 340,838 kWh the resulting hours-use would be 392.7. Under this example, the customer's energy consumption would be applied across all three pricing blocks with the first 180 hours (about 156,240 kWh) billed

in the first block, another 180 hours (about 156,240 kWh) billed in the second block with the remaining hours (about 28,358 kWh, those kWh above the 312,480 kWh threshold) billed in the third block. The kWh amounts billed under each of these blocks is customer dependent, month to month, based on the monthly maximum demand. Customers with poorer load factor, higher demand occurring for fewer kWh, may not achieve enough hours-use to receive the lower pricing in the later blocks. This is the benefit of the hours-use approach. Hours-use is recognizing the benefit to the system of higher customer load factor and providing dynamic pricing on that basis for customers. The addition of the overlay now requires that the same kWh consumption be evaluated based on its time of use and additional charges or credits be assessed. The rate paid by customers for energy would now be dependent on the relationship to their demand and the time-of-use. Little benefit will be gained in return for that added complexity. The modest price differential in the overlay reflects only the variation in energy prices, which are small. There is no reflection of capacity costs in the peak period price of the overlay. As a result, the proposed overlay provides an inadequate price signal and little opportunity for customers to save by shifting usage out of the peak hours. I do not see the benefit of increasing rate complexity if it is unlikely to positively influence customer behavior and reflects only a small portion of the time-varying nature of system costs.

Further, the proposed pricing periods in the overlay are more complex and will be difficult for customers to track. There are three pricing periods in each season, and the timing of the pricing periods changes across the seasons. The most concerning feature is the use of two peak periods in the non-summer season. Figure 1 illustrates the increased complexity of the proposed pricing period design from the customer's perspective.

**Figure 1**




**Q: Do you agree with the way Ms. Lange has defined the peak periods of her proposed overlay?**

A: No. Ms. Lange's method to define the peak period has several problems. First, her proposed overlay is intended to reflect only the variation in energy costs. As such, the only relevant cost driver for establishing pricing periods should be the Southwest Power Pool ("SPP") energy price. However, Ms. Lange also uses load data to justify her choice of peak period. Load is a driver of capacity costs and would be relevant only if capacity costs were being reflected in the overlay price. Therefore, Ms. Lange's discussion and incorporation of load shapes into her proposed modification of the energy component of the rate design is flawed.

Second, even if capacity costs were included in the overlay price, and load were a relevant consideration, Ms. Lange does not use the appropriate load data. Future system load net of non-dispatchable renewable generation (i.e., net load) is the primary consideration for capacity planning. However, Ms. Lange uses historical gross load, which accounts neither for the effects of renewable generation on the system nor how the system may evolve over time. With growing dependence on solar power in the SPP region, the net

system peak, and therefore the timing of the Company's resource adequacy requirements, will shift to later in the day. Ms. Lange does not account for this development in her analysis.

Finally, Ms. Lange evaluates class load instead of system load to arrive at her recommendation for peak period. While class load profile may be suitable for analysis of the distribution system costs, in my experience, generation and transmission costs should be analyzed using total system load data.

**Q: Please describe the Kansas collaboration.**

A: This collaboration refers to Evergy's most recent discussion of non-residential rate designs and was established in part to address a commitment made in Evergy's recent Kansas rate proceeding. In the unanimous Settlement Agreement in Docket No. 23-EKCE-775-RTS approved November 21, 2023, in Paragraphs 45 and 81, the parties agreed,

> In its next general rate proceeding, the Company commits to propose an optional, non-residential time-variant rate or it will offer testimony updating the Commission on its status regarding non-residential time-variant rates.

Separately, Evergy recently worked with customers on certain legislative activities and agreed there to meet and further discuss rate design issues. The collaborative meets both of these commitments.

**Q: Why is this relevant to Missouri?**

A: Details learned through the collaborative will complement the Company's past and ongoing discussions with Missouri customers on rate designs. The Company observes that many of our Missouri and Kansas customers are similarly situated. The customers have similar concerns, similar abilities to manage their energy use, and some even rely on the same legal representation between the two jurisdictions. MECG, for example, has

represented customer issues in both jurisdictions. The Company expects that rate design choices and implementation plans developed in Kansas will be directly applicable to or at least inform the Company's Missouri plans.

**Q: What have you learned thus far from these and other collaborative efforts?**

A: First, and foremost, non-residential customers appreciate predictability and stability in their energy costs. If this cannot be maintained, then they seek options that can help lower costs. These options are best if they are designed to fit their needs or provide reasonable levels of flexibility. Non-residential customers, particularly the larger customers, want choice concerning their rates. These customers are balancing many cost factors in managing and maintaining their operations. Optionality allows customers to prioritize and direct limited resources to those actions that provide the best payback. As noted, the focus of the Kansas collaborative is developing plans for an optional, time-variant rate design to be proposed in Evergy Kansas Central's next rate proceeding. The optional rate being considered is a four-part design (customer, facilities, demand and energy charges) with the energy charge being in the form of a three-period time variant charge.

**Q: In the Evergy Kansas Metro jurisdiction time-variant energy charges were implemented as part of the replacement of the hours-use energy charges. Would the option rate be offered there?**

A: It is still being considered. Early review would indicate the optional TOU rate is not needed in that jurisdiction. Customers and Staff in the Kansas Metro jurisdiction asked for and received the time-variant design, making an optional TOU rate duplicative. It is more likely that design features, such as the expected three period design would be proposed for the Kansas Metro version, aligning further the two approaches.

**Q: Do you have any expectation for when this optional TOU rate would be proposed for Missouri customers?**

A: It is reasonable to expect a design similar to the one described would be proposed in the Company's next rate proceeding.

**Q: What is your preferred approach to address the non-residential rates?**

A: Many details are offered in my direct testimony, but I will summarize and clarify them here. The Company has identified the following elements of its plan for Missouri non-residential customers.

1. Align Customer Charges and Facilities Charges as proposed in this case.
2. Transition away from the ABD structures in place for the Company's non-residential rates.
3. Implement demand-based thresholds for class designation, including a proposal concerning a Medium rate class.
4. Implement an optional, time-variant rate.
5. Transition away from the hours-use mechanism for energy pricing.
6. Transition to coincident peak-based demand pricing.

Many of these steps are consistent with recommendations offered by Staff in this case or historically and vary mainly in timing or details around execution. Evergy's plan for modernizing non-residential rates is consistent with the ratemaking principle of gradualism. This deliberate but gradual approach reduces the likelihood of sudden, extreme or inadvertent bill changes that could result from introducing several rate design changes at once.

Evergy's plan also is oriented toward improving customers' understanding of their rate options. Changing the rate design incrementally and through optional rate designs, reduces the risk that customers may, for example, confuse bill changes due to removal of ABD with bill changes attributable to transitioning from the hours-use rate design to an alternative rate design.

Further, Evergy's plan has the benefit of simplicity. Moving in the direction of reducing the rate structure's complexity will provide customers with more actionable price signals.

Lastly, Evergy's plan is consistent with the ratemaking principle of cost-reflectivity. The current hours use rate structure only focuses on maximizing the load factor of individual customers. However, as Evergy's system evolves, it will be increasingly important to focus on improving the utilization of the system as a whole.

**Q: Please describe ABD.**

A: The ABD is a methodology to enhance the seasonal price signal offered to customers. The methodology establishes an ABD amount that is customer's maximum measured demand established during the four summer billing months that then is used to determine base and seasonal component for demand and energy. The pricing of the seasonal component is set so that demand is provided at no cost and energy is provided a lower cost relative to the base energy pricing. The combined effect of this methodology is to encourage customers to move loads into the winter season. Said another way, if customers can reduce their summer demand relative to their winter demand, more of their consumptions will be priced at lower cost.

**Q: Do you know why the ABD was originally implemented?**

A: Not for certain. Our research indicates the method was first implemented in or around 1993 by then UtiliCorp United, a predecessor company of EMW. To my knowledge, no one with direct knowledge remains employed with Evergy and electronic records from that period are limited or lost to document retention controls. It is our understanding that the methodology was employed to send strong pricing signals to customers to encourage shifting loads away from the summer period. Unlike simple seasonal pricing, the ABD approach takes an annual perspective, setting a baseline demand level by which the base and seasonal demand and energy is determined for the subsequent twelve months. Conceptually, customers who take steps to minimize their peak summer demand will receive favorable pricing for all demand and energy in the winter period. If customers respond to this pricing, summer load would be reduced, and non-summer loads increased. Utilicorp United, like Evergy's other predecessor company, Kansas City Power & Light Company, was predominantly a summer-peak utility and efforts to move load to the winter season would improve overall utilization of company generation resources.

**Q: Better seasonal pricing seems like an appropriate goal. Why are you seeking to discontinue this methodology?**

A: I would contend that the pricing signal has become ineffective. Customers have become accustomed to the pricing and do not appear to be actively managing their demand annually. This is probably caused in part by the complexity of the methodology. With the ABD threshold being set annually, the customer must maintain focus and make energy consumption decisions over a long window of time. Also, during the various rate proceedings occurring since the 2008 acquisition of Aquila Inc., the Company, Staff, and

other parties have not emphasized the pricing of the base and seasonal components, so the seasonal differentials have become muted. Lastly, the Company provided limited customer education and support concerning the ABD methodology. Without that support it is likely customers failed to recognize or continue to seek the potential benefits of the methodology.

**Q: Why is it important to address the ABD structure?**

A: Currently, the ABD methodology only exists in the EMW jurisdiction. Given the current state of the ABD, the relative complexity of the methodology, and a desire to align rate designs across the Evergy jurisdictions, the Company will seek to make this change. As stated in my direct, it is my position that the ABD should be thoughtfully removed before steps are taken to introduce time-based elements into the current rate designs.

**Q: Does the Staff proposal to remove the seasonal energy component achieve this need?**

A: No. Review of Staff work papers and testimony shows that to eliminate this charge, the energy determinants were moved to the tail block of the respective general use rates. As noted previously, this approach is understandable given the presentation of the seasonal energy determinants in the Company workpapers; however, additional detail on the blocking breakdown could be obtained from the Company systems to support a more precise alignment of the seasonal usage to the blocks of the general service rate. In anticipation of addressing the ABD in a future case, we have identified data and the need to extract the blocking of this charge. Under the Company plan, steps to fully align the blocking would be taken. This data is unavailable to support action in this case.

**Q: How does Ms. Lange address the removal of seasonal price variation in the energy component of the rate?**

A: As mentioned earlier, Ms. Lange eliminates the seasonal variation in the average price of the rate design and moves the seasonal energy billing determinants to the tail block of the hours use charge.[3]

**Q: Do you agree with this approach?**

A: No. I understand Ms. Lange's approach as it was driven by the current data presentation, but I don't believe it is an appropriate approach. As described in the tariff, the total energy is first assigned to the base energy account and seasonal energy account using the ratio of base demand and seasonal demand, and then assigned to the hours-use blocks using the base demand and seasonal demand.[4] This blocking of the seasonal energy would be included in the approach used by the Company as part of its planned future effort.

**Q: Does Ms. Lange's proposal eliminate the use of ABD to calculate demand?**

A: No. Ms. Lange proposes to remove ABD derived seasonality in the energy component of the hours-use charge, but her proposal retains the seasonal measurement of demand under the ABD. As a result, Ms. Lange's proposal continues to provide the no cost winter pricing on the demand charge to any customer whose winter demand exceeds its summer demand under the ABD calculation.

[3] Reflected in Lange Workpaper: Rate Design.xlsx, tab [Rate Design 2], columns K-M

[4] "The customer's energy usage during the month shall be apportioned to Base Energy and Seasonal Energy in the same proportion as the customer's Monthly Base Billing Demand and Seasonal Billing Demand. The Monthly Base Energy and Seasonal Energy shall be apportioned to the Hours Use rate blocks based on the Monthly Base Demand and Seasonal Demand." (Missouri West tariff book, sheet number 147.5).

**Q: Do you view Staff's proposal as an appropriate step for this case?**

A: No. I believe we should transition away from the ABD methodology, both the demand and energy elements, as part of a deliberate and purposefully transition plan that best retains the seasonal balance and fully understands the individual customer impacts.

**Q: What is your understanding of the Staff proposal to eliminate the Company Space Heating rate?**

A: Staff is proposing to eliminate the frozen Separately Metered Space Heating rate in the Small General Service ("SGS") class. This rate has been frozen as part of case ER-2007-0004 and not available to new customers since May 31, 2007. Staff is proposing to eliminate the rate by consolidating this rate into the SGS Non-Demand rate. Within the rate calculation and the proof of revenue, this elimination is achieved by moving the billing determinants into the SGS Non-Demand billing determinants. Later in the Staff testimony, Ms. Lange further proposes a plan for communication including specific message language.[5]

**Q: Do you support this recommendation?**

A: No. The Small General Service Space Heating rate was eliminated as part of case ER-2022-0130. The customers formerly on the rate were moved to the Standard General Use Rate, Schedule MOSGS or MOSDS at the conclusion of that case. The transition occurred such that a small amount of billing determinants appeared in the test year for the case, possibly contributing to Staff's interpretation that the rate was still being used by customers. In this case, the Company has proposed deleting the remaining rate details from

[5] Direct Testimony of Sarah Lange, page 20, line 9.

Sheet 147.1. Staff's proposal concerning the Small General Service Space Heating rate is unnecessary.

**Q: Turning to the testimony of MECG, what is your understanding of the single phase-three phase distribution cost allocation proposal?**

A: Ms. Maini is proposing to utilize an additional allocator to the minimum system study with primary and secondary split proposed by the Company. Specifically, that the primary and secondary allocator for costs classified as demand related be split into single-phase primary costs, three-phase primary costs and secondary costs. This allocation is based on the view that single phase and secondary costs be allocated only to customers served at secondary voltages and that three phase costs be allocated to customers served at both primary and secondary voltages.

**Q: Do you support this proposal?**

A: Not at this time. We have reviewed the proposal internally and with our CCOS witness, Craig Brown, who has experience with the method and offers additional testimony on this approach. Further, I have spoken directly with representatives of the Wisconsin utilities listed in Ms. Maini's testimony. These conversations were helpful to understand their view of the allocator, its role in their cost allocation and how they execute calculation of the allocator.

**Q: Why are you unprepared to support the proposal?**

A: In our understanding, the single-phase/three-phase allocation method is reliant on knowing the physical configuration of the wires, whether that are configured as single-phase or as three-phase. Utilities that have deployed this allocator have relied on their mapping systems to produce this data. The Company made initial queries of our Mapping System

and were able to produce single-phase and three-phase counts in response to a MECG data request. However, we have not examined the completeness of the Mapping System data relative to our other plant books and records. Absent a determination of the reliability of the Mapping System data, we are unprepared to commit to an allocation method reliant on this data.

## II. CHARGES FOR AMI OPT-OUT

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

A: I will respond to the Staff's testimony concerning EMW's Non-Standard Metering Service Tariff, Original Sheet No. R-33.2 and 3rd Revised Sheet No. R-66 as it relates to fees customers are charged to opt out of an AMI meter. My testimony responds to the recommendation of Coty King to reduce the initial one-time meter setup fee of $150 to $141.

**Q: How did the Company determine the initial one-time meter setup fee of $150?**

A: In the 2016 rate case, Docket No. ER-2016-0256, Staff Direct Revenue Report, Jerry Scheible recommended Evergy Missouri West, then known as KCP&L Greater Missouri Operations ("GMO") implement an opt-out program based on the mid-range of what other utilities across the country were charging: One-time set up fee of $75.00 and a recurring monthly meter read charge of $10.00. Mr. Scheible further recommended that the Company keep track of the costs associated with the opt-out program to have cost data in GMO's next rate case to evaluate the one-time setup charge and recurring monthly meter read charge proposed above.

**Q: Did GMO agree with the opt-out program and the recommended fees associated with the program?**

A: No, Company witness Julie Dragoo in her rebuttal testimony of August 15, 2016, outlined the reasons the Company did not feel an opt out program was warranted. First, Ms. Dragoo did not feel that the number of complaints that the Company had received warranted an opt-out option. She noted that the Company had used automated metering equipment in Missouri and Kansas for approximately twenty years without the availability of an opt-out tariff. While creating a tariff for customers would be a simple task, the process and cost to support manual reading of a small subset of meters at locations that would likely be spread out across the GMO service territory would be more complex.

**Q: Please explain.**

A: In order to offer manual meter reading, the Company would need to continue to maintain the same processes, software, systems, and people it has in place to manually read meters. This would be in addition to the processes, software, systems, and people GMO was putting in place to automate meter reading.

**Q: Did the Company recommend a fee schedule for the proposed opt out program?**

A: No. However, Ms. Dragoo did note that while the Company had not done a complete cost analysis of an opt-out program, the tariff recommendation of a $10 per month meter reading fee was too low. This was based on the known costs of a Field Service Professional to perform a customer trip such as a reconnection after a disconnection. The Company's approved reconnection charge was $25 and did not include costs that would be incurred with an opt-out for software, hardware and system support.

**Q: How did the Company come to agree upon fees for the initial set-up charge and the monthly meter read charge?**

A: The Company and Staff agreed upon a fee of $150 for the one-time meter set up fee and $45 for the monthly charge during settlement negotiations as outlined in the Non-Unanimous Stipulation and Agreement, dated September 20, 2016.

**Q: Do you know the basis for this fee?**

A: The proposal for a fee originated from Staff in ER-2016-0156 as a result of "the level of customer concern in Missouri and in general across the country"[6] The issue was ultimately included in a Settlement for that case.[7]

> GMO will allow residential customers the option of not having an AMI meter. Initial and monthly charges set at the following levels: Initial set-up charge of $150.00 per initial set-up; and a monthly recurring charge of $45.00 per month for a meter reading charge in addition to the normal tariffed charges.

**Q: Is the current fee similar at other Missouri electric utilities?**

A: Yes. I support the table offered by Mr. King on page 2, line 14 of his direct testimony. It is my understanding that the common, one-time fee is $150 for all utilities except for Ameren.

**Q: Do you know why the Ameren one-time charge is different?**

A: Yes, I have confirmed with Ameren that the charge is not cost based, but instead set as part of a negotiated settlement in Docket No. EE-2019-0382.

[6] Staff Report filed 9/29/2016, ER-2016-0156, page 201, line 14.
[7] Non-Unanimous Stipulation and Agreement, ER-2016-0156, filed 9/20/2016, page 5, paragraph 10.

**Q: What did Mr. King base his recommendation on to lower the initial set up fee to $141 in this case?**

A: Mr. King's recommendation was based on information submitted through Data Request number 0413. Part of the Data Request asked for the unit cost of a non-standard meter as well as the unit cost of installing same. The Company responded that the unit cost of a non-standard meter is $99.28 and the cost to install the meter is $41.20. Based on the information submitted, Mr. King opined that $141 better reflected actual costs.

**Q: Do you agree with Mr. King's assessment to reduce the initial one-time set up fee?**

A: No. Costs to perform this work can fluctuate and would tend to go up. The administrative work required to communicate this change to customers and to update the associated Company systems and processes would far exceed the cost of this minor, $9.00 per month change in the rate. In my opinion, it is highly likely that the rate would be adjusted higher again in the near future. I recommend the fee remain at $150.

## III. TARIFF CLEAN-UP AND OTHER CHANGES

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

A: I will respond to the testimony of Staff witness Sarah Lange concerning suggested tariff clean-up.

**Q: What is Ms. Lange recommending?**

A: She has identified four revisions to the Company tariffs. Specifically,

- Sheets 146 – 146.2, titled "Residential Service" should be modified to reflect service under the default residential rate plan, RPKA, currently tariffed at sheet 146.9-146.11. The "Availability" provisions and "Applicability" provisions throughout the residential service tariff sheets

should be revised to remove obsolete language related to rate plan transitions and eliminations.

- Rates currently found at sheet 146.1, provision A as applicable to General Use rate code "MORG" should be increased consistent with the Commission's order in this case and retained on or around sheet 146.3 as "Monthly rate for customers who have opted out of AMI metering."
- Rates for "Other Use," on sheet 146.3-146.4 should be removed
- Incorporate the marketing name to the tariff sheets applicable to each residential TOU rate plan.

**Q: Do you agree with these recommendations?**

A: Yes.

## IV. OTHER TARIFF PROVISIONS

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

A: I will respond to the testimony of Staff witness Sarah Lange concerning revisions to other tariff provisions in the Company tariffs.

**Q: What is Ms. Lange recommending?**

A: She has identified five additional revisions to the Company tariffs. Specifically,

- The "Economic Development Rider," tariff at sheets 120-123, and the Real-Time Pricing program at sheet 73, may be removed.
- Update Missouri Energy Efficiency Investment Act (MEEIA) margin rates.
- Update Standby Service Rider rates consistent with changes made to underlying rate schedules.
- Update Community Solar distribution service rates.

- Update Clean Charge Network rates, lighting rates, and other miscellaneous rate schedules to coincide with the overall ordered percentage increase.

**Q: Do you agree with these recommendations?**

A: Yes. These largely align with steps taken in the Company direct testimony and associated tariff sheets. This listing offers a convenient reminder.

**Q: When should these updates be incorporated into Company's tariffs as appropriate?**

A: The Company would incorporate these revisions as part of the compliance filing following a Final Order in this case.

**Q: Does Ms. Lange make any further recommendation within this section?**

A: Yes, Ms. Lange identified the Company Primary Discount Rider, Sheet 140, citing that comprehensive study is needed of the revenue responsibility and cost causation of service of customer at various voltages.

**Q: Do you agree?**

A: Yes. This is a legacy charge is unique to the EMW jurisdiction. Study is needed to ensure the intent of the charge and to determine how best to address in the overall rate design. The Company is supportive of taking steps in the next general rate proceeding to evaluate and make recommendations concerning this discount.

## V. MUNICIPAL STREETLIGHTING CHARGES

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

A: I will respond to the testimony of Staff witness Francisco Del Pozo concerning disclosure of special lighting contract rates in the Company tariffs.

**Q: Do you agree with Staff's claim that the currently effective Company tariff does not include all the rates that are charged to the lighting class?**

A: Yes. Provision for the rate is found on Sheet 95, Non-Standard Street and Area Light Facilities tariff, as a customer specific charge for decorative lighting. The tariff states, in part (emphasis added):

> Company will purchase, install, own and maintain non-standard, decorative or ornamental street or private area lights where customer agrees to a monthly charge (rate adder) in addition to the monthly charge for an equivalent standard light. An equivalent standard light is a light contained on the Municipal Street Lighting Service or the Private Area Lighting Service Schedules that is the same size (in lumens and watts) and same type (high pressure sodium vapor, metal halide, etc.) as the non-standard light. **The rate adder shall be calculated as one and one-half percent (1.5%) of the difference between the installed cost of the non-standard light and the installed cost of the equivalent standard light.** The monthly charge shall be the sum of the rate adder and the monthly charge for the equivalent standard light.

As defined, the charge, represented by billing code MDCA, is unique to each customer that utilizes this service and determined by the difference between costs for the standard and non-standard lighting options used. In exploring this charge more fully we have identified that the total amount billed monthly is $1,687.10 to twelve customers with monthly amount ranging from $9.00 to $710.14 per month. Five of the twelve customers pay less than $25 per month for this charge. According to the billing records, eight of the twelve charges were established prior to 2006. Due to the nature and quantity of these charges, they are not listed in the currently effective lighting tariff.

**Q: Do you agree with Staff's recommendation of that EMW submit finalized special lighting contracts between the Company and the Customer?**

A: No. While the Company understands the perceived benefit of transparency, the Company contracts are not readily available and offer limited detail. Some have been moved to long

term storage others have not been found. The more recent contracts are retained in paper files in various Company Service Centers. For the agreements found since the Staff suggested filing the contracts in their July 12, 2024 testimony, the form of the contracts includes the following to establish the MDCA component charge:

2. SCHEDULE OF CHARGES FOR PRIVATE AREA LIGHTING:

| CODE NO. | DESCRIPTION | KWH PER MONTH | | ANNUAL CHARGE PER UNIT | MONTHLY CHARGE PER UNIT | NO. OF UNITS | MONTHLY CHARGE |
|---|---|---|---|---|---|---|---|
| | | PER UNIT | TOTAL | | | | |
| 601 | 12000 LUMENS (150 WATT) SODIUM VAP-OPEN GLASS-EDP | 60 | | | | | |
| 501 | 7700 LUMENS (175 WATT) MERC VAP-OPEN GLASS-EDP | 70 | | | | | |
| 604 | 12000L (150W) SV SH Pl- Decorative | 60 | 240 | | 12.9375 | 4 | 51.75 |
| MDCA | 1.5% Difference Standard vs - Decorative | | | | 5.15 | 4 | 20.60 |
| 806 | Wiring under Parkway 520' x .036 | | | | .03583 | | 18.63 |
| | | | | | | | |
| | TOTALS (does not include applicable taxes) | | 240 | | | | 90.98 |

Given these details, the work required to produce and file these contracts is significant given the size and nature of this component of the overall Company rates. I do not support the recommendation to submit these customer agreements.

**Q: Can the Company take any additional steps to offer greater visibility to the MDCA charges that are not included in the currently effective EMW tariff?**

A: Yes. The Company would propose adding the MDCA billing code to Sheet 95 to provide customers a clear cross reference for the bill charge to the tariff. Further, the Company will take steps to improve the presentation of the MDCA charges within the Company proof of revenue files or other work papers submitted with a future general rate proceeding to aid Staff and others to monitor this charge.

## VI. NET METERING FOR RESIDENTIAL TIME-OF-USE

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

A: I will detail the Company proposal to make net metering available to residential customers on the Company's TOU rates, specifically Schedules TOU, TOU-2 and TOU-3, and will respond to the testimony of Staff and RenewMO concerning their proposals.

**Q: Why haven't Net Metering customers been given the option of selecting time-based rates other than the Residential Peak Adjustment Service ("Schedule RPKA") TOU rate up to this point?**

A: It has been the Company interpretation that the existing Net Metering statutes, Section 386.890 RSMo, prevents us from netting usage by time period. The statute refers to netting the consumption and production of electricity by customer-generators over a billing period, approximately 30 days, not a daily TOU time period. It has been our interpretation that only the Schedule RPKA rate aligns with the billing process defined in the statute. This position was detailed in a report prepared by the Company. On February 4, 2024 the Company issued its *Barriers to Net Metering under Time of Use Rate Structures Report* to parties to the ER-2023-0129/0130 rate case.[8] In that same case, the Commission accepted this position and on page 73 of the Amended Final Order in ER-2022-0129/0130 stated,

> The Commission recognizes that Evergy's TOU rates do not currently work for net metering customers due to the limitation of the current legislation. The parties agree that Staff's low differential rate can be used for net metering customers. As a result, Staff's low differential TOU rate shall be the default rate for net metering customers when Evergy's 2-period TOU rate is established as the default residential customer rate for the non-net metering customers.

[8] The Report was resubmitted to the Commission in Docket EW-2024-0199 on April 2, 2024.

**Q: Why are these alternatives being offered now?**

A: On June 7, 2024, the Commission issued an Order Directing Filing in the current case, ordering that,

> Evergy, Staff, and any other party who wishes to comment, to make proposals in their next rounds of testimony that allow all residential customers the ability to utilize all TOU rates (including net metering and solar subscription program customers).

**Q: Has the Company position changed?**

A: No. However, the Company accepts the broad authority of the Commission to approve tariffs for service to customers. We have prepared an alternative in a rider format that aligns with that authority, preserving the original Net Metering tariff, but allowing for the modified billing approach needed to allow participation in the remaining residential TOU rates.

**Q: Please describe the Company's proposal to allow net metering for all Residential TOU customers.**

A: The Company has prepared a specimen tariff offered as **Schedule BDL-1** to this Rebuttal. This alternative replaces on the "Determination of Net Electrical Energy" section of the Net Metering Interconnection Application Agreement tariff, found on Sheet 113 with new language tailored to accommodate residential TOU rate designs that include peak/off-peak/super off-peak periods. All other aspects of the Net Metering Interconnection Application Agreement tariff are unchanged.

Turning to the billing approach, the Company proposes a period netting structure where the monthly Customer-Generator production is netted with the monthly consumption occurring in that same time period. The Customer-Generator is credited for any excess in the respective periods at the rate identified in Parallel Generation Contract Service tariff,

Sheet 102.1 in the following billing period. Expressed in table format, the period netting calculation would follow this form (Figure 2).

**Figure 2**

| Period Netting | | | | |
|---|---|---|---|---|
| **Energy Measurement (kWh)** | **On-Peak** | **Off-Peak** | **Super Off-Peak** | **Total kWh** |
| Delivered | 100 | 200 | 350 | 650 |
| Received | 150 | 100 | 0 | 250 |
| Net | -50 | 100 | 350 | 400 |
| **Bill Calculation** | | | | |
| **Bill Component** | **On-Peak** | **Off-Peak** | **Super Off-Peak** | **$** |
| Tariff rate for Delivered Energy | $0.28129 | $0.09376 | $0.04688 | |
| Bill Amount | $0.00 | $9.38 | $16.41 | $25.78 |
| Rate for Excess Received | $0.02330 | $0.02330 | $0.02330 | |
| Excess Credit | ($1.17) | $0.00 | $0.00 | ($1.17) |
| | | | **Total Bill** | $24.62 |

**Q: Why did the Company choose this approach?**

A: In our opinion, this approach allows the Company to preserve the current Net Metering tariff and is in alignment with Statute, but modifies the billing provisions needed to accommodate the remaining residential TOU rates, specifically Schedule TOU, TOU-2 and TOU-3. Further, the period netting design ensures alignment between the Customer–Generator resource production and their consumption. Usage from one TOU period will not be used to offset consumption in another period. This design helps balance the interest of Customer-Generators and non-Net Metering customers.

**Q: Are there other reasons that this method is preferred?**

A: Yes. The period netting approach aligns with recent statutory change[9] achieved in Kansas. If accepted by the Commission, Evergy would have a consistent approach across its jurisdictions, streamlining administration and customer support. The period netting

[9] House Bill 2527 enacted on July 1, 2024.

approach also aligns with the proposed statutory language suggested in the February 4, 2024, *Barriers to Net Metering under Time of Use Rate Structures Report.* Lastly, this method has been discussed with representatives of Ameren and Liberty and they do not object to this approach.

**Q: If this method is found acceptable by the Commission, could the Company's period netting alternative be made effective on the same date as the other rate changes ordered in this case?**

A: Yes.

**Q: If this method is found acceptable by the Commission, what steps would be taken to make this change for Evergy Missouri Metro ("EMM") customers?**

A: Once approved in this case, the Company would take steps to file an identical tariff in the EMM jurisdiction. Upon Commission approval, all Missouri residential TOU customers would have access to net metering.

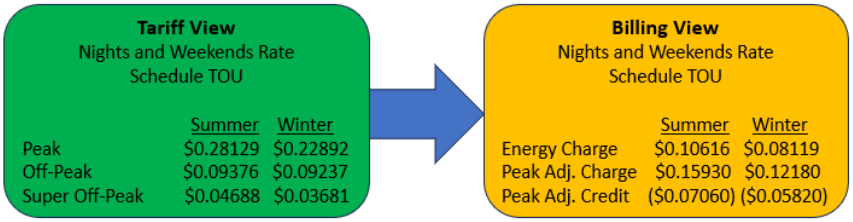
**Q: Turning to Staff, please describe their proposal?**

A: Staff seeks to implement the TOU billing by modifying the billing of the TOU rates. Staff suggest the following language be included on the Company's TOU rates, specifically Schedules TOU, TOU-2 and TOU-3.

> For bill calculation purposes, all kWh shall be billed at the off-peak rate, with the difference between the on-peak and off-peak rate applied as a surcharge to the net kWh consumed during the on-peak period, and the difference between the super off-peak and the off-peak rate applied as a credit to the net kWh consumed during the off-peak period.

Using the Company three-period TOU designs, Schedules TOU and TOU-3 as the example, I believe it is the intention of the approach that the off-peak pricing would be adjusted up to create the peak pricing and that the off-peak pricing would be adjusted down

to create the super off-peak pricing. Although the pricing in the table found on page 36 of Ms. Lange's testimony does not sum correctly, I believe the following graphic may help express the relationship.




**Q: Does this proposal comply with the statute, RSMo Section 386.890?**

A: In my opinion, yes.

**Q: Do you agree with this approach?**

A.: No. First, I agree with Staff's testimony that the method does not align cost causation and revenue responsibility. Next, the method relies on a repackaging of the TOU pricing into a new structure to accommodate billing, in a sense it would convert Schedules TOU, TOU-2 and TOU-3 to a peak adjustment overlay design like the one used for Schedule RPKA.

**Q: Why is this problematic?**

A.: While I appreciate the spreadsheet examples offered by Ms. Lange, they do not represent the complexities of the Company's billing system. The Staff proposal is convoluted and will require the Company to reconfigure its billing system and processes to manage and maintain the two views of the energy pricing, the tariff structure by TOU period and the proposed billing structure by the base charge and the peak adjustment charge. I expect that all reporting and ratemaking would occur based on the tariff price structure, not the billing structure. Billing would be executed and recorded in the system based on the proposed billing structure. The Company has not been able to explore the impact on our bill printing

processes. At minimum, the printing protocols will need to be modified to manage these two views of the customer billing.

**Q: If the Commission were to order the Staff approach in the Final Order for this case, could the rate be implemented with the same effective date as other rates?**

A: No. The Company would require additional time to define more precise design specifications and configure our billing system and internal processes to accommodate this alternative. We estimate that six months should be allowed to integrate this additional work with other Company obligations.

**Q: Now, concerning RenewMO, please describe their proposal.**

A: Ms. Piontek suggests that the Company "account for the time of day when excess solar production is sent by the DG customer back onto the Company' system. When excess solar generation is sent back during an on-peak period, the customer would receive an "On-Phase Credit"; when excess generation is sent back during the off-peak period, the customer would receive an "Off-Phase Credit"." Said another way, under this approach the excess power returned to the grid by the Customer-Generator is priced at the same price as the energy rate for the period.

**Q: Does this proposal comply with the statute, RSMo Section 386.890?**

A: No. The statute clearly states that the value of excess energy shall be the avoided fuel cost.[10] This value is currently $0.0233 per kWh, significantly lower than the current energy rates for the respective TOU periods. The Company sought clarification of RenewMO's legal analysis of its proposal in a data request but RenewMO objected to providing a response.

[10] (3) If the electricity generated by the customer-generator exceeds the electricity supplied by the supplier during a billing period, the customer-generator shall be billed for the appropriate customer charges for that billing period in accordance with subsection 3 of this section and shall be credited an amount at least equal to the avoided fuel cost of the excess kilowatt-hours generated during the billing period, with this credit applied to the following billing period;

**Q: Do you agree with RenewMO's proposal?**

A: No, besides not complying with Missouri law, I do not agree with RenewMO's recommendation. While the method works mathematically, it has the effect of overpaying Customer-Generators for their excess generation. Given that the retail rate includes the cost of much more than energy, paying the higher rate would increase the costs borne by non-net metering customer.

**Q: If the Commission were to order the RenewMO approach in the Final Order for this case could the rate be implemented with the same effective date as other rates?**

A: No. The Company would require additional time to define more precise design specifications and configure our billing system and internal processes to accommodate this alternative. We estimate that six months should be allowed to integrate this additional work with other company obligations.

**Q: Ms. Piontek offers there is precedent for time-based rates being allowed to access net metering, citing at least 13 utilities. Do you agree with her assessment?**

A: No. While I can accept that utilities in California, Arizona, Florida, Illinois, Massachusetts, New York, Pennsylvania, South Carolina, and Virginia allow net metering for TOU rates, I cannot accept that these utilities are similarly situated to Evergy. The primary limitation to net metering to this point has been an interpretation of the supporting statutes. In many of these states there are statutory mandates or other means to accommodate the inclusion of TOU with net metering.

**Q: Given the three proposals, which approach is most appropriate for the Commission to approve?**

A: I recommend the Commission accept the Company proposal. I believe the Company has crafted a method that achieves balance between the Net Metering statute and the Commission desire to allow Customer-Generators to have access to more TOU options. I believe the period netting approach proposed by the Company is more aligned with the intent of billing approach used in the Net Metering statute and can be implemented with less effort that the other proposals. The period netting approach aligns with the methodology already legislated in Kansas and would provide a consistent approach across all of Evergy's jurisdictions. Finally, I believe the period netting approach is the fairest approach to blend TOU rate designs with Net Metering to limit and avoid negative impacts to non-Net Metering customers.

**Q: Did you note any other accommodations that will be needed to comply with the Commission Order to remove limits on customer use of all TOU options?**

A: Yes. Concerning the Solar Subscription Rider, Schedule SSP and the Low-Income Solar Subscription Pilot Rider, Schedule LIS, the Company commits to propose as part of any expansion of the Rider, tariff language detailing the way customers on all of the TOU rates can participate in the Rider.

**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 Missouri West, Inc. d/b/a Evergy Missouri West's Request for Authority to Implement A General Rate Increase for Electric Service | ) ) ) ) | Case No. ER-2024-0189 |

**AFFIDAVIT OF BRADLEY D. LUTZ**

**STATE OF MISSOURI )**
**) ss**
**COUNTY OF JACKSON )**

Bradley D. Lutz, being first duly sworn on his oath, states:

1. My name is Bradley D. Lutz. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Director – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Evergy Missouri West consisting of thirty-one (31) 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.

Bradley D. Lutz

Subscribed and sworn before me this 6th day of August 2024.

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

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**P.S.C. MO. No.** 1 _____ Original Sheet No. _____

Canceling P.S.C. MO. No. _____ _____ Revised Sheet No. _____

For Missouri Retail Service Area

NET METERING OPTION FOR RESIDENTIAL TIME OF USE
ELECTRIC

**PURPOSE:**

To modify the DETERMINATION OF NET ELECTRICAL ENERGY section of the Company Net Metering Interconnect Application Agreement tariff, sheet 113 to allow residential customers receiving service under a Time of Use (TOU) rate schedule to participate in Net Metering.

**APPLICABILITY:**

Applicable to Customer-Generators with a Company approved interconnection agreement, receiving service under Schedule RTOU, RTOU-2, or RTOU-3. All aspects of the Company Net Metering Interconnect Application Agreement tariff, sheets 100 through 119.9, except for the DETERMINATION OF NET ELECTRICAL ENERGY section are applicable to customers receiving service as a result of this option.

**DETERMINATION OF NET ELECTRICAL ENERGY UNDER TOU RATE SCHEDULES:**

Net electrical energy measurement shall be calculated in the following manner:

A. For a Customer-Generator, the Company shall measure the net electrical energy produced or consumed during the billing period for the applicable TOU period (peak/off-peak/super off-peak) in accordance with normal metering practices, either by employing a single, bidirectional meter that measures the amount of electrical energy produced and consumed, or by employing multiple meters that separately measure the Customer-Generator's consumption and production of electricity;

B. If the electricity supplied by the Company exceeds the electricity generated by the Customer-Generator during a TOU period, the Customer-Generator shall be billed for the net electricity supplied by the Company in accordance with normal practices;

C. If the electricity generated by the Customer-Generator exceeds the electricity supplied by the Company during a given TOU period, the Customer-Generator shall be credited with the product of the excess kilowatt-hours generated during the TOU period and the rate identified in Parallel Generation Contract Service tariff, Sheet 102.1 in the following billing period. This rate is calculated from the Company's avoided fuel cost;

D. The Customer-Generator shall be billed for the appropriate Customer charges for the billing period in accordance with the Company Obligations section of the Company Net Metering Interconnect Application Agreement tariff;

E. Any credits granted by this subsection shall expire without any compensation at the earlier of either twelve (12) months after their issuance, or when the Customer-Generator disconnects service or terminates the net metering relationship with the Company.