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Evergy Missouri West – Exhibit 135
Bradley D. Lutz
Surrebuttal
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: Surrebuttal Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2024-0189
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0189

SURREBUTTAL TESTIMONY

OF

BRADLEY D. LUTZ

ON BEHALF OF

EVERGY MISSOURI WEST

**Kansas City, Missouri
September 2024**

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SURREBUTTAL TESTIMONY

OF

BRADLEY D. LUTZ

Case No. ER-2024-0189

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

2 A: My name is Bradley D. Lutz. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: Are you the same Bradley D. Lutz who submitted direct testimony on February 2,**
5 **2024 and rebuttal testimony on August 6, 2024?**

6 A: Yes.

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

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

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

11 A: The purpose of my testimony is to respond to rebuttal testimony concerning the Class Cost
12 of Service (“CCOS”), non-residential rate design, the Administrative Adjustment for
13 Parallel Generation Contract Service (“PG”) and Net Metering for Time of Use (“TOU”)
14 customers raised by the Staff of the Missouri Public Service Commission (“Staff”)
15 witnesses, Sarah Lange and Kim Cox, Renew Missouri (“Renew”) witness Emily Piontek
16 and Missouri Energy Consumers Group (“MECG”) witness Kavita Maini. I will respond
17 on the basis of each topic. I also provide testimony concerning Miscellaneous Tariff
18 Revisions and Special Rates & Demand Response, two areas not address by others in
19 rebuttal testimony.

1 I. CLASS COST OF SERVICE

2 Q: Please identify the rebuttal testimony you will address related to Class Cost of Service
3 (“CCOS”).

4 A: I will be responding to the rebuttal testimony of Sarah Lange on behalf of Staff.
5 Specifically, I will address the value of a CCOS study to the ratemaking process and Ms.
6 Lange’s claims the Company study is “unreliable”. I will also address Ms. Lange’s
7 recommendation concerning distribution classification and allocation. Company witness
8 Craig Brown also addresses the reliability of the Company CCOS and responds to specific
9 critiques of the Company Minimum System Study that contributes to the CCOS. Company
10 witness Marisol Miller addresses revenue adjustments made and reflected in the CCOS
11 presentation included in the Staff testimony.

12 Q: Please describe the rebuttal testimony of Ms. Lange.

13 A: In her rebuttal Ms. Lange comments on and offers three adjustments to the Company CCOS
14 study. One of the adjustments is related to distribution classification. Ms. Lange devotes
15 considerable testimony to exploring distribution classification and allocation. Ultimately,
16 Ms. Lange recommends no change to the class allocation of the revenue requirement and
17 suggests the Commission order the Company to provide considerable data to support
18 “improvement” of distribution classification and allocation.

19 Q: Do you support the rebuttal and recommendations offered by Ms. Lange?

20 A: No.

21 Q: Did Staff provide a CCOS study in this case?

22 A: No.

1 **Q: Is this uncommon?**

2 A: Yes. Staff prepared a partial study in the Company's last rate case, ER-2022-0130¹ and a
3 full study in the Company's 2018 rate case, ER-2018-0146.² Staff did not offer a CCOS
4 study in the Company's 2016 rate case, ER-2016-0156.³ This case was where the KCP&L
5 Greater Missouri Operations Company's Missouri Public Service and St. Joseph Light &
6 Power divisions were consolidated. This case was settled through Non-Unanimous
7 Stipulation & Agreement. I reviewed further back and would offer it has been common
8 for Staff to present a CCOS study in all Company rate cases since 2005 but for those cases
9 where a CCOS study was deemed unneeded though Stipulated Agreement.

10 **Q: Why is a CCOS study important?**

11 A: As communicated in the Direct testimony of Marisol Miller in this case, "the purpose of
12 the CCOS study is to directly assign or allocate each relevant component of the Company's
13 revenue requirement on an appropriate basis in order to determine the contribution that
14 each customer class makes toward the Company's overall rate of return. The CCOS
15 analysis strives to attribute costs in relationship to the cost-causative factors of demand,
16 energy and customer."⁴ Given a primary goal of setting just and reasonable rates and the
17 accepted thought that cost-based rates are a fundamental attribute of just and reasonable
18 rates, a CCOS study is a critical component of the process. The CCOS study identifies the
19 cost to provide service and examines the relationship to revenues received through rates to
20 inform ratemaking decisions. The CCOS study can inform the creation of new rates and

¹ <https://www.efis.psc.mo.gov/Case/FilingDisplay/218315>

² <https://www.efis.psc.mo.gov/Case/FilingDisplay/145426>

³ <https://www.efis.psc.mo.gov/Case/FilingDisplay/220375>

⁴ Direct Testimony of Marisol Miller, page 12, line 13.

1 can help guide the Commission in establishing revenue allocations that reduce subsidies
2 between the customer classes.

3 **Q: Did the Company use the CCOS study to inform its recommendations in this case?**

4 A: Absolutely. The most significant use of the CCOS study was in our proposed application
5 of the requested revenue increase. We apply different revenue increases to each class based
6 on their existing class rate of return, increasing underperforming classes a higher portion
7 of the requested increase. We also use the CCOS study to inform the residential customer
8 charge and in this case, to propose alignment of the non-residential customer and facilities
9 charges with the CCOS results. The CCOS is a key input to our rate design decisions.

10 **Q: How do you respond the Staff claim that the Company study is not reliable?**

11 A: I firmly disagree. Staff bases this assessment on their opinion that “Significant work is
12 needed to reasonably allocate distribution revenue requirement, customer service revenue
13 requirement, and production and transmission revenue requirement.”⁵ I firmly support that
14 the Company has followed generally acceptable methods to perform its CCOS study, has
15 relied on appropriate data sources, and has produced a reasonable result suitable and
16 reliable to inform the Commission concerning decisions related to setting of rates. I believe
17 it is wrong for the Staff to adopt such an absolute point of view concerning what is
18 “reliable”.

19 **Q: Are you saying that the Company CCOS study is reliable to the exclusion of all other
20 CCOS study results?**

21 A: Absolutely not. The Company CCOS study reflects our presentation of costs to serve. I
22 fully acknowledge that the study is comprised with many decisions about cost causation

⁵ Lange Rebuttal Testimony, page 33, row 11.

1 that impact functionalization, classification, and allocation of costs. Reasonable minds
2 may disagree. The National Association of Regulatory Utility Commissioners
3 (“NARUC”) Electric Utility Cost Allocation manual (“Manual”) acknowledges this fact,

4 This manual only discusses the major costing methodologies. It
5 recognizes that no single costing methodology will be superior to
6 any other, and the choice of methodology will depend on the unique
7 circumstances of each utility. Individual costing methodologies are
8 complex and have inspired numerous debates on application,
9 assumptions and data.⁶

10 With that said, it is still important for these cost studies to be performed and efforts made
11 to monitor costs causation.

12 **Q: If there is variation between CCOS study methodologies and results, how would the**
13 **Commission use the results to inform its decisions?**

14 A: This may be best answered through a scenario. Assume within the rate case there are three
15 parties sponsoring CCOS studies. Each relies on different methodologies to reflect their
16 view on cost causation and complete the CCOS study. Table 1 shows the Class Rates of
17 Return for the three studies.

18 **Table 1**

Sponsor	Total Company	Residential Class	Small General Service	Large Power Service
Utility	5.2%	4.0%	6.3%	5.3%
Party #1	4.9%	4.0%	6.6%	4.8%
Party #2	3.2%	3.3%	5.0%	3.5 %

19
20 Although the three studies rely on different methodologies, the Commission could judge
21 the respective methodologies to determine which seems most applicable and best supported
22 to inform ratemaking decisions. At minimum, the Commission can look for areas of

⁶ NARUC Electric Utility Cost Allocation Manual, page 22.

1 consistency between the studies. In the Table 1 example, the Commission could deduce
2 that the Small General Service class be provided a smaller portion of any approved increase
3 given that all of the studies represent the Small General Service Class as providing excess
4 return. The point is the Commission should consider the results of all CCOS studies
5 offered to inform their rate design decisions.

6 **Q: Staff's claim is the Company CCOS Study requires significant work just to be**
7 **reasonable. Do you agree?**

8 A: No. This is simply not true. Company witness Craig Brown details how the Company
9 methodology for allocation of production, transmission, customer service and distribution
10 costs is appropriate and consistent with approaches recognized within the NARUC Manual.

11 **Q: Why does the Company follow the methodologies detailed NARUC Manual for its**
12 **CCOS study?**

13 A: The NARUC Manual offers a time tested, reasonable range of methodologies for the
14 Company to consider in its efforts to express cost causation and we believe serves as a
15 reliable basis for ratemaking. The NARUC Manual was developed through a five-year
16 process under the oversight of NARUC and through the efforts of a broad group of industry
17 representatives. The representatives included persons from the United States Department
18 of Energy, the Federal Energy Regulatory Commission, representatives from
19 approximately ten Public Utility Commissions, approximately four electric utilities, the
20 Electricity Consumers Resource Council representing commercial and industrial
21 consumers, university educators, the National Regulatory Research Institute, and a national

1 accounting firm.⁷ I would note there was Missouri representation in this effort. Jim Ketter
2 P.E. representing the Commission was acknowledged in the development of the manual.⁸

3 **Q: Staff relies considerably on the Regulatory Assistance Project (“RAP”) and their**
4 **Electric Cost Allocation for a New Era Manual⁹ to support their rebuttal testimony.**
5 **Are you familiar with this manual?**

6 A: Yes, I am.

7 **Q: Does the Company rely on the RAP manual for guidance in its CCOS study?**

8 A: No.

9 **Q: Why?**

10 A: I have personal experience with all CCOS studies performed since 2005. During that time,
11 we have relied on the methods and guidelines laid out by the NARUC manual. First, I
12 appreciate the continuity of approach the Company has taken toward CCOS studies. I
13 would endorse a level of continuity to help ensure consistent improvement in the Company
14 rate design. Until recently, nearly all parties in the Company rate cases also followed the
15 NARUC manual in guiding their CCOS studies. In short, the Company is not ready to
16 abandon these reliable past practices.

17 **Q: In your review of the manual promoted by RAP have you considered adopting the**
18 **methods promoted?**

19 A: Certainly. In our efforts to produce our CCOS study the Company thoughtfully considers
20 the costs and the reason the costs are incurred. Based on this understanding we utilize
21 methodologies to best reflect the cost causation. Although the NARUC manual is our

⁷ NARUC Manual, page iii.

⁸ Id.

⁹ Lazar, J., Chernick, P., Marcus, W., and LeBel, M. (Ed.). (2020, January). Electric cost allocation for a new era: A manual. Montpelier, VT: Regulatory Assistance Project.

1 primary guide, we are not restricted by it and keep an open mind to other points of view.
2 The manual promoted by RAP is enticing in that it speaks to many new and developing
3 aspects of providing electric service to customers. It can appear “modern” when compared
4 to the NARUC manual which was prepared approximately 28 years earlier. Further, the
5 Company seeks to understand the view of Staff and their growing reliance on the RAP
6 perspective. In my review of the manual promoted by RAP, however, I cannot escape the
7 fact that RAP manual is driving to an explicit policy purpose, detailing a coordinated set
8 of approaches to shape CCOS studies instead of offering a range of suitable approaches to
9 guide study execution. In the end, the manual promoted by RAP has only been useful to
10 help us reconsider and affirm our approaches. Going forward, we will continue to monitor
11 our costs and will consider all methodologies to best reflect the cost causation.

12 **Q: Would you please explain your comment about the manual promoted by RAP**
13 **“driving to an explicit policy”?**

14 A: Certainly. Close inspection of the manual reveals these policy goals. In the Introduction,
15 it is stated, “The authors of this manual believe strongly that charting a new path forward
16 on cost allocation is an important part of creating the fair, efficient and clean electric system
17 of the future.”¹⁰ This point helps clarify an overarching tendency to favor energy-related
18 allocation methods as renewable energy sources are represented most favorably under
19 energy-related allocations. Later the authors disclose, “This cost allocation manual is
20 intended to build upon previous works on the topic and to illuminate several areas where
21 the authors of this manual disagree with the approaches of the previous publications.”¹¹

¹⁰ Id. Page 14.

¹¹ Id. Page 15.

1 Although presented as “industry best practice” by its authors, at its core, the manual
2 promoted by RAP is the work product of three people.

3 **Q: Earlier you provide some details around the origination of the NARUC Manual.**
4 **What is your understanding of the origination of the manual promoted by RAP?**

5 A: The manual promoted by RAP itself details much of this context. The manual is the work
6 product of three persons, one a Senior Advisor at RAP and two industry consultants. The
7 authors acknowledge insights from fourteen other persons. Examination of this list shows
8 that all of the persons consulted are employed by RAP or associated with environmental
9 and clean-energy advocates and consultants¹²

10 **Q: Are you saying that the manual promoted by RAP is flawed?**

11 A: No. The manual promoted by RAP is well written and does introduce many timely
12 perspectives to the CCOS study process. However, I believe it is prudent that the manual
13 be considered in the context of its creation. The practitioner and those relying on results
14 produced by the approaches promoted by RAP must be aware of this underlying goal to
15 promote clean energy and the inherent bias that comes with that goal. That alone does not
16 invalidate the manual’s value, but it does cause me to question its self-professed status as
17 reflecting industry best practice. I rely on the manual promoted by RAP as the work
18 product of an advocacy organization committed to clean energy. It’s a valid source, but
19 not a source on equal footing with the NARUC manual. It provides a singular view of
20 what RAP believes is the proper approach for CCOS studies. I cannot help but notice the
21 parallel with how Staff has recently taken such an absolute view of cost allocation and that
22 only the Staff can judge what is “reliable”.

¹² Id. Page 8.

1 **Q: Why are you concerned about the view taken by Staff?**

2 A: The positions taken, specifically an eagerness to fully reject a CCOS study because of
3 disagreement concerning methods or data used within the study is unproductive and
4 irresponsible. Using this case as an example, Staff is willing to perpetuate inter-class
5 revenue imbalances because Staff rejects the Company study entirely. This approach leads
6 to inaction. Within the regulatory process there should be room for competing points of
7 view. In the case, Staff has plainly stated that unless the Company provide very specific
8 data supporting distribution costs, there can be no “reliable” CCOS.

9 **Q: Please describe what the Staff recommends.**

10 A: Ms. Lange recommends that the Commission should order EMW to provide the following
11 in its next general rate case:

- 12 1. A calculation of each of the following, supported by detailed workpapers:
13 a. Reasonable estimates of an average, low range, and high range
14 cost for installation in the most recent 12 months of each of the
15 following:
16 i. 1 mile of overhead circuit operating in each voltage "bin;"
17 ii. 1 mile of underground circuit, operating in each voltage
18 "bin;"
19 and
20 iii. A typical meter and associated transformers operating in
21 each voltage "bin," generally associated with service of
22 customers falling in each demand "bin."
23 b. A reasonable estimate of an average, low range, and high range,
24 embedded cost of installation of each of the following:
25 i. 1 mile of overhead circuit operating in each voltage "bin;"
26 ii. 1 mile of underground circuit, operating in each voltage
27 "bin;"
28 and
29 iii. A typical meter and associated transformers operating in
30 each voltage "bin," generally associated with service of
31 customers falling in each demand "bin."
32 2. The best available information, supported by applicable documentation,
33 of:
34 a. A list of the underground circuits operating at each voltage "bin,"
35 and the mileage of each circuit;

- 1 b. A list of the overhead circuits operating at each voltage "bin," and
2 the mileage of each circuit;
3 c. For each feeder circuit, the number of customers served by that
4 circuit at each voltage "bin," and identification of each circuit fed;
5 d. For each feeder circuit, the number of customers served by that
6 circuit at each voltage "bin;" and
7 e. For each substation, identification of each interconnected
8 circuit.¹³

9 **Q: What is notable about this recommendation?**

10 A: This recommendation closely parallels the Staff position taken in EO-2024-0002, the Data
11 Production case recently addressed by this Commission. It represents a variation on what
12 was referred to as Staff Data Set #1.¹⁴ Despite an Order from the Commission not to pursue
13 this data¹⁵, Staff continues to seek ways to compel the Company to provide data to support
14 its singular view of distribution cost allocation. Data that the Company does not have, nor
15 that could be obtained without incurring significant cost. It's also important to note that
16 the recommendation includes the phrases "reasonable estimates" or "best available
17 information" which in our experience means that Staff would be the sole party to decide
18 what is reasonable or best.

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

20 A: No. The Company's position is consistent with the position supporting in the EO-2024-
21 0002 docket. This recommendation seeks data that the Company does not have, nor that
22 could be obtained without incurring significant cost.

23 **Q: Do you believe the Company distribution cost allocation is appropriate?**

24 A: Yes, I do. I support the surrebuttal testimony of Craig Brown affirming our approaches.
25 Despite claims that the Company is "overdue" for some study of its costs, I assert that our

¹³ Lange Rebuttal Testimony, page 42, line 1.

¹⁴ EO-2024-0002, Direct Testimony of Brad Lutz, Schedule BDL-1.

¹⁵ EO-2024-0002, Final Report and Order, page 21.

1 data is an accurate representation of our current accounting books and records, that in
2 producing our allocations we have direct conversations with our Engineers and Designers
3 to reflect current company standards within our current costs, and we have been responsive
4 in refining our approaches to address known concerns. Our use of a primary – secondary
5 allocation on top of the Minimum System study is evidence of that final point. As detailed
6 in our rebuttal testimony, the Company is also investigating the potential of the single
7 phase/three phase refinement proposed by MECG to further augment this allocation.
8 Although Company approaches differ from Staff, I firmly believe the Company study is
9 reliable and useful to inform the Commission on its ratemaking decisions.

10 II. NON-RESIDENTIAL RATE DESIGN

11 **Q: Please identify the rebuttal testimony you will address related to Non-Residential rate**
12 **design.**

13 A: I will be responding to the rebuttal testimony of Sarah Lange on behalf of Staff and Kavita
14 Maini of behalf of MECG.

15 **Q: Please describe the rebuttal of Ms. Lange.**

16 A: Staff provides limited rebuttal on the Company Non-residential rate design, noting the
17 Company proposal, but instead of offering specific testimony, Staff focuses on only
18 mentions an increased reliance on its customer non-coincident peak (“NCP”) determinants.

19 **Q: Please remind the Commission of the Company’s proposal for Non-Residential rate**
20 **design.**

21 A: The purpose of the Company is seeking to take steps toward greater cost alignment for its
22 pricing. In the case the Company is proposing,

- 1 ▪ Aligning Customer Charges and Facilities Charges to the costs identified in
- 2 the Company Class cost of Service Study (“CCOS”).
- 3 ▪ Apply class increases required by the revenue requirement based on
- 4 guidance from the CCOS.
- 5 ▪ Apply increases within the rate structures to the demand components at a
- 6 higher percentage than the energy components.
- 7 ▪ Affirm the reactive demand charge.

8 **Q: How do you interpret the testimony of Ms. Lange in relation to these proposals?**

9 A: I would presume she does not support the Company proposal to align Customer Charges
10 and Facilities Charges to the costs identified in the Company CCOS study on the basis that
11 we rely on NCP data instead of coincident peak (“CP”) data to set the charges. As for the
12 application of any approved revenue increase, Staff was clear, stating that they support
13 equal application of the increase to all rates and components.

14 **Q: Do you support the rebuttal offered by Ms. Lange?**

15 A: No. The design purpose of the Facilities Charge is to recover costs associated with the
16 distribution grid providing service to the customer. These costs are incurred specific to the
17 load of the customer and not tied to the condition of the overall system. Accordingly, the
18 Facilities Charge is best determined using the customer NCP and applied as a twelve-month
19 ratchet¹⁶ charge which represents the customers highest demand placed on the grid. This
20 ensures the maximum load that drives facility sizing is captured and utilized for billing.

¹⁶ In determining the Facilities demand for billing purposes, the Company uses the higher of: (a) the highest Monthly Maximum Demand occurring in the last twelve months including the current month or (b) the Minimum Demand for that class. If there are less than eleven previous billing periods, the determination will be made using all available previous billing periods. The Facilities Demand is defined as the Maximum Actual Demand as determined from the comparison but in no case less than the class Minimum Demand for Facilities Demand Charge billing purposes.

1 There is no certainty that the maximum customer load is aligned with the system CP.
2 Similarly for the Customer Charge, the Company is seeking to align the rate with cost to
3 provide this service.

4 I am disappointed that Staff does not acknowledge our steps to be responsive to
5 their comments on rate design. Admittedly, I know Staff wants more, but I believe our
6 steps show that we are working to address their areas of concern. The Facilities Charge is
7 a prime example. The Facilities Charge is the primary tariff component intended to recover
8 costs for distribution, an area of concern for Ms. Lange. The Company proposal seeks to
9 achieve alignment with cost of service for that component of the non-residential tariff.
10 Even if we disagree about the CCOS methodology used to determine the rate, these steps
11 toward alignment are prudent and certainly better than doing nothing to address these
12 misalignments within our rates. Further, the step of pricing the Facilities and Customer
13 charges more accurately, serves to prepare us for further changes to the Demand charge, a
14 step I identified in my Direct testimony.

15 **Q: In the rebuttal testimony of Ms. Lange she offers a question, “*Has EMW made***
16 ***progress on rate modernization in this filing*”¹⁷ and then replies, “*No. While EMW has***
17 ***identified annual billing demand and seasonal energy as impediments to its rate***
18 ***modernization plans, it did not address making progress on those issues in this case.*”¹⁸**
19 **Do you agree with this assessment?**

20 A: No. Ms. Lange fails to acknowledge the significance of the proposed changes to the
21 Customer and Facilities Charges. Also, the Company has done more than just identify the
22 Annual Base Demand element, but we have laid out an incremental plan to address the

¹⁷ Lange Rebuttal Testimony, page 43, line 13.

¹⁸ Id. Line 15.

1 reconfiguration of the Company non-residential rates. Following feedback from customers
2 and following good rate design practice, the Company has arranged the steps to make
3 needed changes but seeks to avoid inadvertent impacts often resulting from sudden and
4 extreme rate design changes. I would note that the witness for the MECG, Kavita Maini,
5 on behalf of the non-residential customers MECG represents, has indicated her support for
6 these rate design steps in her rebuttal testimony.

7 **Q: Did Ms. Lange provide any testimony concerning your Reactive Demand proposal?**

8 A: No.

9 **Q: Please describe the rebuttal of Ms. Maini.**

10 A: Ms. Maini addressed two topics in her rebuttal testimony, revenue requirement allocation
11 and Large Power Service (“LPS”) / Large General Service (“LGS”) Rate Design.
12 Company witness Marisol Miller addresses revenue requirement allocation in her
13 surrebuttal. I will speak to the LPS/LGS Rate Design. In the context of LPS/LGS Rate
14 Design, Ms. Maini details her concerns with the Staff energy component overlay proposed
15 by Ms. Lange. She also supports systematic reform of the rates including a proposal for
16 an optional time-variant rate in a future rate case.

17 **Q: Do you support the rebuttal offered by Ms. Maini?**

18 A: Yes. I find Ms. Maini’s testimony to be consistent with the Company view. I support her
19 concerns about Staff’s proposed energy component overlay, in particular, her testimony
20 detailing that the overlay interduces unneeded complexity and fails to align with the design
21 of the hours-use energy pricing. I address the Company’s view on an optional time-variant
22 rate in my Rebuttal testimony.

1 **III. ADMINISTRATIVE ADJUSTMENT FOR PG**

2 **Q: Please identify the rebuttal testimony you will address related to the Administrative**
3 **Adjustment for PG.**

4 A: I will be responding to the rebuttal testimony of Kim Cox on behalf of Staff. In her rebuttal,
5 Ms. Cox identified the Administrative Adjustment language in the tariff and shares the
6 Company response to data request 225.

7 **Q: Please describe the rebuttal of Ms. Cox.**

8 A: As part of the Net Metering and Parallel Generation section of her testimony Ms. Cox
9 identified a portion of the Parallel Generation tariff that details the terms for an
10 Administrative Adjustment. Specifically, the tariff states,

11 Administration adjustment (not applicable to net metering): The
12 payment amount calculated above shall be reduced \$4.50 per month
13 to compensate the Company for the fixed charges on the meter
14 measuring the kilowatt-hours delivered by the Customer to the
15 Company and for the engineering, administrative and accounting
16 costs associated with the delivery of energy by the Customer to the
17 Company.¹⁹

18 Ms. Cox goes on to detail the response to data request 225 and the Company's response
19 that it does not apply the Administrative Adjustment to payments made to customer
20 receiving service under this Schedule.

21 **Q: Do you agree that the Company is not applying this Adjustment?**

22 A: Yes.

¹⁹ P.S.C. MO. No. 1, 4th Revised Sheet No. 102.1, Payment Rate.

1 **Q: Why isn't the Company applying the Administrative Charge to credits paid for excess**
2 **generation?**

3 A: When the Schedule PG rate was configured in Company billing system, this charge was
4 overlooked and not applied. In consideration this charge today, the Administrative
5 Adjustment is no longer relevant. This provision of Schedule PG existed as far back as
6 2004, predating the implementations of the Automated Metering Infrastructure ("AMI")
7 system in the Company jurisdiction and recent upgrades of the Company billing system.
8 Under AMI, no special metering is needed to accommodate customer-generators.
9 Concerning the engineering cost factor, the Company recently implemented specific terms
10 in section 3.07²⁰ of its Rules & Regulation to cover interconnect study costs. Finally,
11 concerning the remaining factors covered by the Adjustment, associated administrative and
12 accounting costs, these too are no longer distinct, warranting special cost recovery.

13 **Q: What do you recommend?**

14 A: The Company appreciates the identification of this issue by Staff and would support
15 removing the Administrative Adjustment term identified previously from the Schedule PG
16 tariff.

17 **IV. NET METERING FOR RESIDENTIAL TOU**

18 **Q: Please identify the rebuttal testimony you will address related to Net Metering for**
19 **Residential TOU.**

20 A: I will be responding to the rebuttal testimony of Emily Piontek on behalf of Renew.

²⁰ P.S.C. MO. No. 1, 1st Revised Sheet No. R-25, Other Terms and Conditions.

1 **Q: Please describe the rebuttal of Ms. Piontek.**

2 A: Ms. Piontek's rebuttal testimony largely a repeat of her Direct testimony. She reiterates
3 her support for implementing a solution for allowing net metering for residential TOU
4 customers and builds on her Direct testimony by providing a more extensive examination
5 of Net Metering plans for TOU customers from other jurisdictions.

6 **Q: Did you find the additional testimony on the approaches used in other jurisdictions
7 helpful?**

8 A: It was helpful to have specific utility examples identified so that the Company could review
9 and consider the alternatives. However, I continue to support the position offered in my
10 Rebuttal that these examples are not equivalent to our situation and may not be useful to
11 the Commission to support its decision on approach.

12 **Q: What are some of the differences identified with the example utilities?**

13 A: Before noting the differences, I would like to affirm that I believe the Company position is
14 similar to the Renew position, specifically that we acknowledge the need to apply the net
15 billing within the TOU periods. These details are only offered to clarify that although these
16 other utility examples share attributes with the Renew position, most of these examples are
17 in jurisdictions where clear terms for addressing time-variant rates are defined by statute
18 or by Commission rule. In examining each of the utility examples offered by Renew, I
19 noticed the following significant points or other relevant factors.

- 20 ▪ **Dominion Energy Virginia** – TOU provisions are established by statute
21 and by Commission regulations²¹
- 22 ▪ **Duke Energy Progress** – Statute requires the Commission to ensure tariffs
23 work with time-variant rates. Residential net metering customers required

²¹ Commission regulations (Case NO. PUE-2015-00057)
<https://www.scc.virginia.gov/docketsearch/DOCS/35ns01!.PDF> also
<https://programs.dsireusa.org/system/program/detail/40/net-metering>

- 1 to be on TOU rate. Includes provisions for a Minimum Bill, Non-bypassable
2 Charge and Grid Access Fee to help address net metering cost recovery.²²
- 3 ▪ **Groton Electric Light Department** – Groton not obligated by law to
4 provide for net metering as it is a municipality. Groton only allows
5 residential non-TOU rates for heating and farm use, otherwise residential
6 customers are required to receive service under a TOU rate.²³
- 7 ▪ **Investor-owned utilities in Illinois** – Statutes include terms detailing
8 approach for net metering under residential TOU rates.²⁴
- 9 ▪ **PSGE Long Island** – The state is transitioning to Value of Distributed
10 Energy Resource pricing for excess and allows for annual banking.²⁵
- 11 ▪ **First Energy Pennsylvania Electric Company** – Statute set value
12 requirement at full retail rate.²⁶
- 13 ▪ **Arizona Public Service** – TOU provisions included in Arizona
14 Administrative Code. TOU rates required for net metering customers. TOU
15 rates for net metering include demand charges or grid access fees.²⁷
- 16 ▪ **Investor-owned utilities in California** – TOU is mandated, and statutes
17 define net metering treatment. Moving to net billing.²⁸

²² DOCKET NO. 2020-229-E - ORDER NO. 2021-391, DOCKET NOS. 2020-264-E and 2020-265-E — ORDER NO. 2021-390

<https://dms.psc.sc.gov/Attachments/Order/a69c88df-baf9-4e19-a789-affc2d006ee9>
<https://dms.psc.sc.gov/Attachments/Order/823ec8b8-881b-4cba-82f9-1b5b5c6d7a50> also <https://www.duke-energy.com/-/media/pdfs/for-your-home/rates/electric-sc/scriderrsc.pdf?rev=a41e3d646baa4ef0a3ecccfae6e3f28>
<https://www.duke-energy.com/-/media/pdfs/for-your-home/rates/electric-sc/scschedulersstou.pdf?rev=bc319611f5c144f1a65f3bf4d41c0c40> and
<https://programs.dsireusa.org/system/program/detail/3041/net-metering>

²³ <https://programs.dsireusa.org/system/program/detail/281/net-metering>

²⁴ <https://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=022000050K16-107.5> and
<https://programs.dsireusa.org/system/program/detail/2700/net-metering>

²⁵ <https://nj.pseg.com/saveenergyandmoney/solarandrenewableenergy/netmetering> and
<https://programs.dsireusa.org/system/program/detail/453/net-metering>

²⁶

<https://www.legis.state.pa.us/cfdocs/Legis/LI/uconsCheck.cfm?txtfType=HTM&yr=2004&sessInd=0&smthLwInd=0&act=0213> and <https://programs.dsireusa.org/system/program/detail/65/net-metering>

²⁷ https://apps.azsos.gov/public_services/Title_14/14-02.pdf and

<https://programs.dsireusa.org/system/program/detail/3093/net-billing>

²⁸ https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC§ionNum=2827. And
<https://programs.dsireusa.org/system/program/detail/276/net-metering-net-billing>

1 **Q: The approach proposed by Renew would pay net metering customers the full retail**
2 **rate for the excess energy delivered to the grid. In rebuttal testimony you disagreed**
3 **with this proposal. Do you still disagree?**

4 A: Yes, I still disagree. This value currently paid for excess energy is \$0.0233 per kWh,
5 aligned with the avoided fuel cost and significantly lower than the current energy rates for
6 the respective TOU periods. This rate ensures that energy purchases made by the Company
7 are fairly priced and avoid contributing additional subsidy to net metering customers from
8 non-net metering customers.

9 **Q: Does Ms. Piontek's testimony include anything responsive to the Company proposal**
10 **to allow Net Metering for residential TOU customers?**

11 A: No. Due to the timing of the Commission order to include Net Metering proposals in this
12 case, Staff and Renew offered their proposals as part of their direct testimony and the
13 Company proposal is offered in rebuttal testimony. The Parties would not be able to
14 respond to the Company proposal until surrebuttal.

15 **Q: Is this timing problematic?**

16 A: Yes. Because of the staggered timing, the Company will not have an opportunity to
17 respond to testimony offered about its proposal. Depending on the surrebuttal testimony
18 offered, the Company may seek an opportunity to provide sur-surrebuttal to allow for equal
19 opportunities for response.

20 **Q: Did Renew offer any rebuttal concerning the Staff approach offered in their direct**
21 **testimony?**

22 A: No.

1 **Q: Did Staff offer any rebuttal concerning the Renew approach offered in their direct**
2 **testimony?**

3 A: No.

4 **Q: After reviewing the available testimony on the Net Metering proposals, do you still**
5 **recommend the Commission adopt the Company proposal?**

6 A: Yes. I believe the period netting approach, applied in the form of a rider to the Net Metering
7 tariff, represents a method that achieves balance between the Net Metering statute and the
8 Commission desire to allow residential Customer-Generators to have access to more TOU
9 options. I believe the period netting approach proposed by the Company is more aligned
10 with the intent of billing approach used in the Net Metering statute and can be implemented
11 with less effort than the other proposals. The period netting approach aligns with the
12 methodology already legislated in Kansas and would provide a consistent approach across
13 all of Evergy's jurisdictions. Finally, I believe the period netting approach is the fairest
14 approach to blend TOU rate designs with Net Metering to limit and avoid negative impacts
15 to non-Net Metering customers.

16 **V. MISCELLANEOUS TARIFF REVISIONS**

17 **Q: Please identify the miscellaneous tariff changes proposed in your Direct Testimony.**

18 A: The Company is proposing edits to the following tariffs:

- 19 ▪ Residential Availability
- 20 ▪ Economic Development Rider (frozen)
- 21 ▪ Table of Contents
- 22 ▪ Service Agreements Discontinuance of Service
- 23 ▪ Installations
- 24 ▪ Metering
- 25 ▪ Meter Reading, Billing, Complaint Procedures
- 26 ▪ Electric Power and Energy Curtailment Plan
- 27 ▪ Municipal Street Lighting Service
- 28 ▪ Extension of Electric Facilities

1 **Q: Did any party provide rebuttal or other testimony concerning these items?**

2 A: Yes, but only in part. In the Direct Testimony of Ms. Lange for Staff she made
3 recommendations concerning the clean-up of tariffs, particularly the Residential
4 Availability. I noted the parallels in my Rebuttal testimony. Otherwise, no testimony was
5 offered in response to the other tariff revisions.

6 **Q: Does the Company still support these revisions as offered in your Direct testimony?**

7 A: Yes.

8 **VI. SPECIAL RATES AND DEMAND RESPONSE**

9 **Q: Please describe this aspect of your Direct testimony.**

10 A: In EW-2021-0267, the Matter of the Establishment of a Working Case Regarding FERC
11 Order 2222 Regarding Participation of Distributed Energy Resource Aggregators in
12 Markets Operated by Regional Transmission Organizations and Independent System
13 Operators, the Commission issued an Order Granting Clarification on December 13, 2023
14 which addressed a need for review of the Special Rate for Incremental Load tariff, Schedule
15 SIL (“SIL”) and/or any other special rate tariffs with the same or similar prohibitions on
16 customers participating in programs related to demand response.

17 **Q: Did any party provide rebuttal or other testimony concerning these items?**

18 A: No.

19 **Q: Does the Company still support this testimony as offered?**

20 A: Yes.

21 **Q: Does that conclude your testimony?**

22 A: Yes, it does.

