

Exhibit No.:
Issue: Demand Side Investment Mechanism
Rider
Witness: Linda J. Nunn
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri West
Case No.: EO-2025-0174
Date Testimony Prepared: December 2, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2025-0174

DIRECT TESTIMONY

OF

LINDA J. NUNN

ON BEHALF OF

EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST

**Kansas City, Missouri
December 2024**

DIRECT TESTIMONY

OF

LINDA J. NUNN

Case No. EO-2025-0174

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

2 A: My name is Linda J. Nunn. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy Metro, Inc. or the “Company” as Manager, Regulatory Affairs.

6 **Q: What are your responsibilities?**

7 A: My responsibilities include the coordination, preparation, and review of financial
8 information and schedules associated with fuel or transmission impacts on rate case
9 filings and the coordination, preparation and review of financial information and
10 schedules associated with retail rider mechanism tariff filings for Evergy including:
11 Evergy Kansas Central, Evergy Kansas Metro, Evergy Missouri Metro and Evergy
12 Missouri West.

13 **Q: Please describe your education.**

14 A: I received a Bachelor of Science Degree in Business Administration with a concentration
15 in Accounting from Northwest Missouri State University.

16 **Q: Please provide your work experience.**

17 A: I became a Senior Regulatory Analyst with Kansas City Power & Light (“KCP&L”) in
18 2008, as a part of the acquisition of Aquila, Inc., by Great Plains Energy. In 2013, I was
19 promoted to Supervisor - Regulatory Affairs. In 2018 I became Manager, Regulatory
20 Affairs. Prior to my employment with KCP&L, I was employed by Aquila, Inc. for a total

1 of eleven years. In addition to Regulatory, I have had experience in Accounting, Audit,
2 and Business Services, where I had responsibility for guiding restructuring within the
3 delivery division. In addition to my utility experience, I was the business manager and
4 controller for two area churches. Prior to that, I was an external auditor with Ernst &
5 Whinney.

6 **Q: Have you previously testified in a proceeding before the Missouri Public Service**
7 **Commission (“MPSC” or “Commission”) or before any other utility regulatory**
8 **agency?**

9 A: Yes, I have testified before the MPSC, and I have provided written testimony in various
10 dockets before the MPSC. I have also worked closely with many MPSC Staff on
11 numerous filings as well as on rate case issues. Additionally, I have provided written
12 testimony in Kansas Corporation Commission dockets.

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

14 A: The purpose of my testimony is to support the rate schedule filed by Evergy Missouri
15 West to adjust the Demand Side Investment Mechanism (“DSIM”) Rider. My testimony
16 will explain the change to the DSIM components based upon actual performance in the
17 six-month period ending October 2024, as well as forecasted performance through
18 December 2025 for Cycle 3 Program Costs (“PC”), Cycle 3 Throughput Disincentive
19 (“TD”), Cycle 4 PC, and Cycle 4 TD. In addition, Earnings Opportunity (“EO”) for
20 Cycle 2 for the three program years beginning April 2016 through March 2019, the EO
21 for the Cycle 2 extension program year April 2019 through December 2019 and the EO
22 for Cycle 3 2020, 2021, 2022 and 2023 program years are included in this rider update.
23 The proposed change in rates will result in an increase to a residential customer’s rate
24 from \$0.00234 to \$0.00258 per kWh, or an increase of \$0.24 for every 1,000 kWh used.

1 Please see the table below for a comparison by rate schedule of proposed DSIM rates to
 2 currently effective rates and the impact to a customer using 1,000 kWh.

Rate Schedule	Total Proposed DSIM (\$/kWh)	Total Current DSIM ER-2024-0352 (\$/kWh)	Change Increase/ (Decrease) (\$/kWh)	Incr/(Decr) to Customer Bill (for every 1,000 kWh's used) (\$)
Residential Service	\$0.00258	\$0.00234	\$0.00024	\$0.24
Non-Res Service – SGS	\$0.00260	\$0.00179	\$0.00081	\$0.81
Non-Res Service – LGS	\$0.00356	\$0.00173	\$0.00183	\$1.83
Non-Res Service – LPS	\$0.00468	\$0.00069	\$0.00399	\$3.99

3
 4 **Q: Please explain the projected costs.**

5 A: Evergy’s Missouri Energy Efficiency Investment Act (“MEEIA”) Cycle 3 Portfolio was
 6 originally approved in Case No. EO-2019-0132 for Program Years 1-3 beginning 2020
 7 and has since been extended twice. On May 12, 2022, the Commission approved
 8 extending Cycle 3 through December 2023, (Program Year 4) and on November 16,
 9 2023, the Commission approved extending Cycle 3 through December 2024 (Program
 10 Year 5). The budget caps and floors for the 2024 MEEIA Cycle 3 extension projected
 11 PC amounts as agreed to in the Non-Unanimous Stipulation and Agreement, Case No.
 12 EO-2019-0132, and approved by the Commission on November 16, 2023, are included in
 13 this rider update. Additionally, the budget caps and floors for the 2025 MEEIA Cycle 4
 14 projected PC amounts included in the September 27, 2024, Non-Unanimous Stipulation
 15 and Agreement in Case No. EO-2023-0370 are included in this rider update. On
 16 November 25, 2024, the Company filed tariff substitutes as ordered by the Commission
 17 on November 18, 2024.

18 **Q: What are the MEEIA rule requirements for adjustments of DSIM rates?**

1 A: The requirements for adjustment of DSIM rates are found in Commission rules 20 CSR
2 4240-20.093(4). In summary, the requirements outline that the update filing include
3 applicable DSIM rate tariff sheets, supporting testimony, and inclusion of the following:

4 A) Amount of revenue that was over-collected or under-collected through the most
5 recent recovery period by rate class.

6 B) Proposed positive or negative adjustments by rate class.

7 C) Electric utility's short-term borrowing rate.

8 D) Proposed adjustments to the current DSIM rates.

9 E) Complete documentation for the proposed adjustments to the current DSIM rates.

10 F) Any additional information the Commission ordered to be provided.

11 G) Annual report as required by 20 CSR 4240-20.093(9).

12 As part of my Direct Testimony, I have included the information required for update of
13 the DSIM rate in the attached Schedules LJN-1 and LJN-2. The 2023 Demand-Side
14 Program Annual Report for MEEIA Cycle 3, referenced in Item G above, was filed on
15 March 29, 2024, in Case No. EO-2024-0268.

16 **Q: Are you sponsoring this information?**

17 A: Yes, I am.

18 **Q: Please explain why Evergy Missouri West has filed an adjusted DSIM rate schedule**
19 **at this time?**

20 A: The Commission's rule governing DSIM filings and submission requirements for electric
21 utilities, specifically 20 CSR 4240-20.093(4), requires Evergy Missouri West to make at
22 least annual adjustments of DSIM rates that reflect the amount of revenue that has been
23 over/under collected. Evergy Missouri West's DSIM tariff requires two semi-annual rate
24 adjustments to become effective February 1 and August 1 of each year. Based upon

1 actual and estimated performance during the six-month time period(s), DSIM rates may
2 be adjusted up or down.

3 **Q: Please describe the various DSIM rate components that make up the proposed**
4 **DSIM rate.**

5 A: As the MEEIA Cycle 4 DSIM tariff describes, the DSIM rate components consist of 1)
6 PC, TD and Earnings Opportunity (“EO”) for the MEEIA Cycle 4 Plan; PC, TD and EO
7 for the MEEIA Cycle 3 Plan; and PC, TD and EO for the MEEIA Cycle 2 Plan; 2)
8 Reconciliations, with interest, to true-up differences between revenues billed under the
9 DSIM rider and total actual monthly amounts for PC, TD, EO and any remaining true-ups
10 or unrecovered amounts for Cycle 2 and Cycle 3; and 3) any Ordered Adjustments
11 (“OA”) for Cycle 2 and Cycle 3.

12 In addition, as noted in the MEEIA Cycle 3 extension Non-Unanimous
13 Stipulation and Agreement, Case No. EO-2019-0132, approved by the Commission on
14 November 16, 2023, the MEEIA Cycle 4 planning costs through December 2023 are
15 included in this rider update. The Cycle 4 Program Costs Reconciliation calculation has
16 been added to Schedule LJN-2 workpapers.

17 **Q: How did you develop the various DSIM rate components that make up the proposed**
18 **DSIM rate?**

19 A: As the DSIM tariff for MEEIA Cycle 3 describes, the DSIM rate components consist of
20 projected PC and TD for MEEIA Cycle 3 programs for November 2024 through
21 December 2025 as well as the reconciliation of actual and expected PC, TD, EO and OA
22 for Cycle 3 through October 2024. The MEEIA Cycle 3 costs included in this filing are
23 the current forecasted levels of program participation and related costs. Secondly, as the
24 DSIM tariff for MEEIA Cycle 4 describes, the DSIM rate components include projected

1 PC and TD for MEEIA Cycle 4 programs for January 2025 through December 2025. The
2 MEEIA Cycle 4 costs included in this filing are current forecasted levels of program
3 participation and related costs. Also included for recovery in the calculation of the DSIM
4 rates are the reconciliation of actual and expected PC, TD, EO and OA for Cycle 2
5 through October 2024, as well as actual planning costs for Cycle 4 through December
6 2023.

7 **Q: Please describe the amount of EO that has been included in this filing.**

8 A: Consistent with the current DSIM rates effective August 1, 2024, the EO included in this
9 filing is based on verified MWh and MW savings for the three program years of Cycle 2
10 beginning April 2016 through March 2019, including EO TD adjustments, and for the
11 Cycle 2 extension program year April 2019 through December 2019, including EO TD
12 adjustments, which has been calculated in accordance with Tariff Sheet Nos. 138.6 and
13 138.8. The MEEIA Cycle 2 tariff provides for the recovery of the EO over 24 months.
14 The Company took the total adjusted EO and divided that amount by the four semi-
15 annual rate update periods and has included an EO amount for the current Effective
16 Period (“EP”), or six-months beginning January 2025, plus the succeeding EP as
17 described on tariff Sheet No. 138.11. An EO credit amount totaling (\$7,513) for Cycle 2
18 representing EO TD adjustments has been included in the calculation of the DSIM rate in
19 this filing. In addition, the EO included in this filing is (1) based on verified MWh and
20 MW savings for the 2020, 2021 and 2022 program years of Cycle 3, including EO TD
21 adjustments and (2) based on actual program cost spend for the 2023 program year,
22 which has been calculated in accordance with Tariff Sheet Nos. 138.16 and 138.18. The
23 MEEIA Cycle 3 tariff provides for the recovery of the EO over 12 months. The
24 Company took the total adjusted EO and divided that amount by the 12 months and has

1 included an EO amount for the current EP, or six-months beginning January 2025, plus
2 the succeeding EP as described on tariff Sheet No. 138.11. An EO amount totaling
3 \$1,528,038 for Cycle 3 has been included in the calculation of the DSIM rate in this
4 filing. The sum of the PC, TD, EO and OA amounts are divided by the projected billed
5 retail kWh sales, excluding opt-out sales, by rate class for February 2025 through January
6 2026 to develop the proposed DSIM rates.

7 **Q: If the rate schedule filed by Evergy Missouri West is approved, what safeguards**
8 **exist to ensure that the revenues the Company bills to its customers do not exceed**
9 **actual DSM Program Costs and TD incurred, as well as the earnings opportunity or**
10 **performance incentive?**

11 A: Evergy Missouri West's DSIM Rider mechanism and the Commission's rules provide
12 two mechanisms to ensure that amounts billed to customers do not exceed Evergy
13 Missouri West's actual, prudently incurred DSM PC and TD and performance incentive
14 or EO. First, at the end of each recovery period, the Company is required to true up
15 amounts billed to customers through the DSIM Rider based upon PC and TD actually
16 incurred during that six-month period. Per MEEIA rule 20 CSR 4240-20.093(4), these
17 adjustments will be supported by complete documentation and workpapers that
18 demonstrate the need for DSIM rate adjustment. All proposed adjustments and
19 supporting documentation are subject to review by MPSC Staff and all MEEIA
20 stakeholders. Second, per MEEIA rule 20 CSR 4240-20.093(11), Evergy Missouri
21 West's DSIM is subject to periodic prudence reviews by MPSC Staff to ensure that only
22 prudently incurred PC and TD are billed to customers. These two mechanisms serve as
23 checks to ensure that the Company's customers pay only the prudently incurred, actual
24 PC and TD resulting from implementation of MEEIA DSM programs.

1 **Q: Has Evergy Missouri West made any adjustments to the DSIM calculation?**

2 A: No, there are no changes to the DSIM calculation in this filing. However, in Case No.
3 ER-2023-0184 the Company agreed as noted in the MEEIA Cycle 3 extension Non-
4 Unanimous Stipulation and Agreement, in Case No. EO-2019-0132 effective January
5 2023, to discontinue the Home Energy Report (“HER”) program. Projected PC amounts
6 for January 2023 and thereafter reflects this change.

7 **Q: Has Evergy Missouri West been subject to any prudence reviews by MPSC Staff?**

8 A: Yes, Evergy Missouri West has been through six prudence reviews.

9 **Q: Are there any issues impacting this filing as a result of the prudence reviews**
10 **conducted by MPSC Staff?**

11 A: Yes, there is an impact to this filing. Most recently in the sixth prudence review covering
12 the period of April 2021 to March 2023, Case No. EO-2023-0408, on June 26, 2024, the
13 Commission approved the Stipulation and Agreement filed on June 10, 2024, where the
14 Company agreed to include a credit of \$700,000 in this filing to resolve disputed demand
15 response payments. The Company also agreed to not seek recovery through its DSIM for
16 any gifts or awards given to employees or contractors, any promotional items not specific
17 to MEEIA programs, any events with alcohol provided or any sponsorships when a
18 membership has already been purchased.

19 In the previous fifth prudence review covering the period of January 2020 through
20 March 2021, Case No. EO-2021-0416, on July 21, 2022, the Commission approved the
21 Stipulation and Agreement filed on July 1, 2022, where the Company agreed and in
22 DSIM filing, Case No. ER-2023-0184 included a credit of \$14,796 to return disallowed
23 program costs from the review period of January 2020 through March 2021 and a credit
24 of \$407,674 to resolve the alleged HER TD double-recovery issue.

1 **Q: What action is Evergy Missouri West requesting from the Commission with respect**
2 **to the rate schedule that the Company has filed?**

3 A: The Company requests the Commission approve the rate schedule to become effective
4 February 1, 2025.

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

6 A: Yes, it does.