FILED
November 9, 2026
Missouri Public
Service Commission

Exhibit No. 306

MECG – Exhibit 306
Rebuttal Testimony of Jessica York
Case No. ER-2026-0143

Exhibit No.:
Issues: Cost of Service/Revenue Allocation/Rate Design
Witness: Jessica A. York
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Midwest Energy Consumers Group
Case No.: ER-2026-0143
Date Testimony Prepared: August 11, 2026

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO'S REQUEST FOR AUTHORITY TO IMPLEMENT A GENERAL RATE INCREASE FOR ELECTRIC SERVICE	)))))))	**CASE NO. ER-2026-0143**

Rebuttal Testimony of

Jessica A. York

On behalf of

Midwest Energy Consumers Group

August 11, 2026

BRUBAKER & ASSOCIATES, INC.

Project 12018

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO'S REQUEST FOR AUTHORITY TO IMPLEMENT A GENERAL RATE INCREASE FOR ELECTRIC SERVICE	)	**CASE NO. ER-2026-0143**

STATE OF MISSOURI)
) **SS**
COUNTY OF ST. LOUIS)

Affidavit of Jessica A. York

Jessica A. York, being first duly sworn, on her oath states:

1. My name is Jessica A. York. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by Midwest Energy Consumers Group in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2026-0143.

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.

Jessica A. York

Subscribed and sworn to before me this 11th day of August, 2026.

ADRIENNE J. FOLLETT
Notary Public - Notary Seal
STATE OF MISSOURI
Jefferson County
My Commission Expires: Mar. 22, 2029
Commission # 21989987

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO'S REQUEST FOR AUTHORITY TO IMPLEMENT A GENERAL RATE INCREASE FOR ELECTRIC SERVICE	)	**CASE NO. ER-2026-0143**

Table of Contents to the Rebuttal Testimony of Jessica A. York

I. INTRODUCTION 1

II. RESPONSE TO OPC WITNESS NELSON 3
II.A. Production and Transmission Cost Allocation 3
II.B. Distribution Cost Classification 11

III. RESPONSE TO STAFF 13
III.A. Class Cost of Service Study 13
III.B. Rate Design 14

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO'S REQUEST FOR AUTHORITY TO IMPLEMENT A GENERAL RATE INCREASE FOR ELECTRIC SERVICE	)))))))	**CASE NO. ER-2026-0143**

Rebuttal Testimony of Jessica A. York

I. INTRODUCTION

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Jessica A. York. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q ARE YOU THE SAME JESSICA A. YORK WHO PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A Yes. I have previously filed Direct Testimony on July 14, 2026 in this proceeding.

Q ARE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN YOUR PRIOR TESTIMONY?

A Yes. This information is included in Appendix A to my Direct Testimony filed on July 14, 2026.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing on behalf of Midwest Energy Consumers Group ("MECG"). MECG represents the interests of large commercial and industrial customers taking service

from Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Metro" or "Company") primarily on its Large General Service ("LGS") and Large Power Service ("LPS") rate schedules. These customers are energy-intensive, compete in regional and national markets, and are very sensitive to electric rate levels and structures.

Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A The purpose of my Rebuttal Testimony is to respond to certain class cost of service and revenue allocation recommendations made by other parties in this proceeding that would adversely and inappropriately affect the LGS and LPS customer classes. Specifically, I address:

1. The recommendation of Office of the Public Counsel ("OPC") witness Ron Nelson that the Missouri Public Service Commission ("Commission") replace the Company's proposed Four Coincident Peak ("4CP") Average and Excess ("A&E") method for allocating production and transmission costs with a Probability of Dispatch ("POD") method.

2. Mr. Nelson's criticism of the Company's use of the minimum system method to classify distribution costs, which, if adopted, would shift distribution cost responsibility onto the LGS and LPS classes.

3. Commission Staff's ("Staff") position that a reliable Class Cost of Service Study ("CCOSS") cannot be produced in this case.

4. Certain rate design recommendations in Staff's Rate Design Report that affect the LGS and LPS classes, including Staff's recommended 15% billing demand recovery target and its recommendations regarding implementation of the non-residential restructuring, the Time Related Pricing ("TRP") rate, and time-based rates.

My silence with regard to any other position taken by the Company or any other party in this proceeding does not indicate my endorsement of that position.

II. RESPONSE TO OPC WITNESS NELSON

II.A. Production and Transmission Cost Allocation

Q PLEASE SUMMARIZE MR. NELSON'S RECOMMENDATION WITH RESPECT TO PRODUCTION AND TRANSMISSION COST ALLOCATION.

A Mr. Nelson recommends that the Commission replace the 4CP A&E method that the Company used to allocate production and transmission costs with a POD method.[1] Under the POD method, each generating unit's annual revenue requirement is assigned to the 8,760 hours of the year in proportion to that unit's hourly generation, and the resulting hourly production revenue requirement is then allocated to customer classes in proportion to each class's share of load in each hour. Mr. Nelson also recommends applying the POD method to transmission costs.[2] His POD analysis, shown in his Table RN-2, would shift approximately 13.4 percentage points of production cost responsibility off the Residential class, and would increase the production and transmission cost responsibility of the LGS class by 5.9 percentage points and the LPS class by 6.8 percentage points. These percentage point differences between the A&E and POD allocation factors by class equate to a reduction of approximately 29% in the allocated amount for the Residential class, and would increase amounts allocated to LGS and LPS by 32% and 53%, respectively.[3]

[1]Direct Testimony of Ron Nelson ("Nelson Direct") at pages 4 and 35-44.
[2]Nelson Direct at page 42.
[3]*Id.* at Table RN-2. "Difference" column divided by "A&E Allocators" column.

Q DID YOUR DIRECT TESTIMONY ADDRESS THE PRODUCTION COST ALLOCATION METHODOLOGY?

A Yes. In my Direct Testimony, I reviewed the Company's use of the 4CP A&E method and concluded that it is consistent with cost causation and appropriate for allocating the Company's fixed production capacity costs.[4] I support the Company's 4CP A&E methodology. I also recalculated the A&E allocator using class Non-Coincident Peak ("NCP") demands for the four highest summer peak months and demonstrated that the resulting allocation factors and CCOSS results are similar to the Company's 4CP A&E results.[5] The A&E method is used by Ameren Missouri, has been used by the Company in prior Missouri rate cases, and is expressly among the methods the Commission may consider under Missouri law.[6] The production and transmission cost allocation reflected in the Company's CCOSS is reasonable.

Q DO YOU AGREE WITH MR. NELSON'S RECOMMENDATION TO ADOPT THE POD METHOD?

A No, for several reasons. First, Mr. Nelson's POD analysis is admittedly preliminary and incomplete. Mr. Nelson states that he "was not able to complete a final version of the POD analysis," that his results "should be seen as preliminary," and that he intends to update them in a future round of testimony.[7] He further acknowledges that the hourly load profiles he used do not match the load profiles in the Company's CCOSS, so his allocators do not tie to the Company's study and cannot simply be substituted into it.[8]

[4]Direct Testimony of Jessica A. York ("York Direct") at pages 2 and 3-8.
[5]York Direct, Tables JAY-1 and JAY-2.
[6]Mo. Rev. Stat. § 393.1620 (2021).
[7]Nelson Direct at pages 46 and 44.
[8]*Id.* at pages 43-44.

The Commission should not replace an established and fully developed production and transmission cost allocation method with a preliminary analysis that its own proponent concedes is not final and must be revised.

Second, the POD methodology is a significant departure from the method the Company used to design its CCOSS in this proceeding, and from the methods accepted in Missouri. The Company built its CCOSS, and its class revenue responsibilities, on the 4CP A&E method. Adopting POD would require the Company to re-run its entire production and transmission cost allocation using a fundamentally different methodology and to produce a revised CCOSS and revised class revenue allocations. That is not a minor adjustment. It is a wholesale restructuring of the cost of service case at the rebuttal stage, and Mr. Nelson's own concession that his load profiles do not tie to the Company's study underscores that his preliminary allocators cannot simply be dropped into the existing CCOSS.

Third, POD is not widely used by electric utilities. Mr. Nelson cites only two specific utilities in support of his proposal, namely, MidAmerican in Iowa and Illinois and Public Service Company of Colorado, and he acknowledges that MidAmerican uses a different "Hourly Costing Method" ("HCM") and that Colorado adopted its approach only in the last few years.[9] Mr. Nelson does not adequately explain the differences between the HCM and the POD method used in Iowa and Illinois, or differences between the POD method used in Colorado versus the approach he recommends in this case. Indeed, the HCM is significantly different from the POD method in that it prices each hour with a market energy component based on the Midcontinent Independent System Operator ("MISO") Locational Marginal Price,

[9]Nelson Direct at page 40 and footnote 51.

scaled to actual retail fuel cost, and a separate capacity component derived as a uniform per-kilowatt charge and assigned through load-level tranches.[10] Further, in the Colorado case referenced by Mr. Nelson, the POD method uses only the top 1,000 peak load hours in recognition that it is generally the highest load hours that drive investments in generation, rather than all 8,760 as proposed by Mr. Nelson in this case.[11] These limited and non-uniform examples do not establish POD as an accepted or standard method for allocating production costs, in Missouri or elsewhere.

Fourth, the POD analysis is data-intensive and depends on numerous inputs and modeling assumptions, including the hourly dispatch profile of the Company's generating fleet, the assignment of hourly class loads to hourly production costs, and the calculation of unit-level annual revenue requirements. Mr. Nelson's own experience in this case, in which he was unable to obtain the hourly generation data he needed and could not finalize his analysis, illustrates the data intensity of the method and the difficulty of evaluating and replicating its results.

Fifth, Mr. Nelson's POD method produces a large reallocation of production cost responsibility onto the existing LGS and LPS classes, increasing their production allocations by 5.9 and 6.8 percentage points, respectively.[12] These are established customers, many of whom have taken service on the Company's system for years and have made significant operational and investment decisions in reliance on prior price signals. Under Mr. Nelson's proposal these customers would face increased

[10]See Illinois Commerce Commission, Docket No. 26-0331, Direct Testimony of Stephen P. Stratton for a detailed discussion of the HCM methodology.

[11]See Colorado Public Utilities Commission, Proceeding No. 23AL-0243E, Direct Testimony of Derek S. Klingeman (May 15, 2023).

[12]Nelson Direct at Table RN-2.

production cost responsibility not because their usage patterns have changed, but because the production and transmission cost allocator has changed.

Q MR. NELSON CONTENDS THAT THE A&E METHOD IS AN OUTDATED MEASURE OF PRODUCTION COST CAUSATION THAT PLACES TOO MUCH EMPHASIS ON PEAK DEMAND,[13] AND THAT A TEMPORAL METHOD IS PREFERABLE BECAUSE OF THE GROWING ROLE OF RENEWABLES AND STORAGE.[14] DO YOU AGREE?

A No. Mr. Nelson's critique conflates two distinct questions: 1) whether the allocator correctly identifies the capacity portion of the production cost function, and 2) whether the allocator reflects every hourly dispatch decision in a changing resource portfolio.[15] The A&E method is designed to answer the first question, and it does not purport to answer the second.

The A&E method allocates fixed production capacity costs. Those costs are incurred to ensure that sufficient capacity is available to serve system peak demand reliably. The method decomposes system capacity into two non-overlapping components, the capacity needed to serve average demand, which is allocated on energy, and the incremental "excess" capacity needed to serve load above average up to the system peak, which is allocated on the class contribution to peak. Mr. Nelson's suggestion that the method places too much emphasis on a few peak hours is misplaced. The A&E allocator is based on capacity that is needed and used to serve

[13] *Id.* at page 36.
[14] *Id.* at pages 31-32.
[15] Nelson Direct, Sections III.B and III.C.

demand in every hour of the year, plus the additional capacity that is used to serve demand only during the peak demand periods that drive capacity additions.

The increasing share of renewables and storage does not change the fundamental driver of fixed production capacity investment. Even in a portfolio with substantial renewables and storage, the utility must plan for a quantity of firm, dispatchable capacity able to serve demand reliably in all hours, and that quantity is driven by peak and net-peak reliability conditions. All else equal, as the system adds more renewable resources with effectively zero energy cost, the fixed capital costs of the firm resources that back up those renewables become a larger share of total production cost, and those fixed costs are incurred specifically to meet peak and net-peak reliability requirements. In a renewables-heavy system, the case for allocating fixed capacity costs on a peak demand-related basis becomes stronger, not weaker. An allocator that instead re-allocates those fixed costs across all 8,760 hours based on hourly dispatch outcomes produces worse price signals, not better ones.

Q MR. NELSON ASSERTS THAT HIGH LOAD FACTOR CLASSES THAT OPERATE AROUND THE CLOCK HAVE BECOME LESS COST EFFECTIVE TO SERVE WHILE LOW LOAD FACTOR, FLEXIBLE DEMAND CLASSES HAVE BECOME MORE COST EFFECTIVE TO SERVE.[16] DO YOU AGREE?

A No. That assertion inverts the traditional understanding of cost causation for fixed production capacity, and it depends entirely on the choice of allocation method as the baseline. The A&E method measures each class's contribution to the need for capacity, whereas POD measures each class's consumption weighted by the cost of

[16]Nelson Direct at page 33.

the hours in which that consumption occurs. A class that uses energy relatively steadily across the year, as the higher load factor LGS and LPS customers do, will generally have a lower unit capacity cost under A&E because steady load reflects efficient utilization of the capacity the utility must build, but a higher unit cost under POD because steady load means consumption during both low-cost and high-cost hours. High load factor is a sign of efficient use of the system, not a reason to assign these customers a disproportionate share of fixed capacity cost.

Q HOW DOES MR. NELSON'S POD ALLOCATOR COMPARE TO A PURE ENERGY ALLOCATOR?

A A comparison of Mr. Nelson's Tables RN-2 and RN-3 demonstrates that his POD allocators are very close to (and even slightly higher) than a pure energy allocator for the Small General Service, Medium General Service, LGS, and LPS classes. The near equivalence of the two confirms the fundamental problem with the POD method. Production capacity costs are fixed, demand-related costs, not energy costs. Allocating fixed capacity costs on a basis that is nearly indistinguishable from energy severs the allocation from the peak-demand cost causation that drives production plant investment, and it collapses the distinction between fixed capacity costs, which are properly allocated on demand, and variable fuel and purchased power costs, which are properly allocated on energy or recovered through the fuel adjustment clause.

Q DOES MISSOURI LAW REQUIRE OR FAVOR THE POD METHOD OVER THE A&E METHOD?

A No. The Missouri statute that Mr. Nelson cites provides that the Commission shall consider CCOSS results that use either the A&E method or one of the methods

contained in the National Association of Regulatory Utility Commissioners' ("NARUC") 1992 Manual ("NARUC Manual") to allocate the production costs of nuclear and fossil-fueled units.[17] That statute expressly names the A&E method, which is the method the Company used and that I support. It does not require the POD method, and it provides no basis for preferring POD over the A&E method. Likewise, the fact that the NARUC Manual identified the POD method in 1992 as one of several available time-differentiated methods does not make it superior. The same NARUC Manual describes the A&E and coincident peak methods, and being listed as an available method is not an endorsement of it.

Q SHOULD THE POD METHOD BE USED TO ALLOCATE TRANSMISSION COSTS, AS MR. NELSON RECOMMENDS?

A No. The same objections identified regarding the application of POD to production capacity costs also apply to transmission costs. Mr. Nelson acknowledges that transmission facilities are built to optimize power flows and reliability across all seasons and hours of the year,[18] which is a reliability-driven and demand-driven characteristic, not an energy-weighted one. In my Direct Testimony, I did not oppose the Company's proposal to allocate transmission costs consistently with production costs.[19] Substituting POD for transmission would import the same energy-weighting, the same departure from the method used to build the CCOSS, and the same preliminary and unvalidated data that undermine the POD production capacity allocation.

[17]Mo. Rev. Stat. § 393.1620 (2021); Nelson Direct at page 35.
[18]Nelson Direct at page 42.
[19]York Direct at page 8.

Q WHAT DO YOU RECOMMEND WITH RESPECT TO MR. NELSON'S POD PROPOSAL?

A I recommend that the Commission reject Mr. Nelson's POD proposal and retain the 4CP A&E method for allocating production and transmission costs. The 4CP A&E method is consistent with cost causation, authorized under Missouri law, transparent, and supported by the record. Mr. Nelson's POD proposal is admittedly preliminary and incomplete, behaves like an energy allocation, is not a widely used method, and would impose a substantial and unwarranted reallocation of cost responsibility onto the LGS and LPS classes.

II.B. Distribution Cost Classification

Q PLEASE DESCRIBE MR. NELSON'S POSITION REGARDING THE CLASSIFICATION OF DISTRIBUTION COSTS.

A Mr. Nelson criticizes the Company's use of the minimum system method to classify distribution plant costs between the demand-related and customer-related functions.[20] He contends that the minimum system method rests on an unrealistic hypothetical system built to serve no demand, and that its effect is to shift a higher proportion of costs onto classes with larger numbers of customers, primarily the Residential class.[21] Importantly, Mr. Nelson states that he is "not advocating for a change to the Company's methodology at this time."[22] He raises the criticism in support of his separate recommendation that the Commission reject the Company's proposed increase to the residential customer charge.

[20]Nelson Direct pages 50-51.
[21]*Id.*
[22]*Id.* at page 52.

Q DOES MR. NELSON RECOMMEND THAT THE COMMISSION CHANGE THE COMPANY'S DISTRIBUTION COST CLASSIFICATION IN THIS CASE?

A No. By his own statement, Mr. Nelson does not advocate a change to the Company's classification methodology in this proceeding. There is, therefore, no distribution cost classification change before the Commission for it to adopt, and the Company's minimum system classification should be retained for purposes of this case. I respond to Mr. Nelson's criticism because the reasoning he advances, if it were adopted, would inappropriately shift distribution cost responsibility onto the LGS and LPS classes.

Q IS THE MINIMUM SYSTEM METHOD A REASONABLE AND ACCEPTED METHOD FOR CLASSIFYING DISTRIBUTION COSTS?

A Yes. Mr. Nelson himself acknowledges that the minimum system method is a commonly used methodology.[23] It is described in the NARUC Manual and is widely used by utilities and accepted by regulatory commissions. The method reflects the reasonable recognition that a portion of the distribution system, such as the minimum-size poles, conductors, and transformers required to attach a customer and provide basic service, is incurred to connect customers to the system and does not vary with the level of class demand. Reasonable analysts can differ on the precise share of distribution plant that is properly classified as customer-related, but the existence of a genuine customer-related component of distribution plant is well recognized, and the minimum system method is an accepted means of estimating it. Mr. Nelson has not shown that the Company's application of the method is

[23] Nelson Direct at page 50.

unreasonable, and he offers neither an alternative classification nor a quantification of a different result.

Q WHAT DO YOU RECOMMEND WITH RESPECT TO MR. NELSON'S DISTRIBUTION COST CLASSIFICATION CRITICISM?

A I recommend that the Commission retain the Company's use of the minimum system method to classify distribution costs in this case. Mr. Nelson does not recommend a change to that methodology, and the reasoning underlying his criticism, if adopted, would shift distribution cost responsibility onto the LGS and LPS classes without a demonstrated cost causation basis for doing so.

III. RESPONSE TO STAFF

III.A. Class Cost of Service Study

Q PLEASE DESCRIBE STAFF'S POSITION REGARDING THE CCOSS IN THIS CASE.

A Staff did not perform a CCOSS in this case. Staff takes the position that it is not feasible, and not possible for any party, to produce a useful CCOSS because of the Company's class restructuring and the incorporation of new load, capacity requirements, and revenue associated with large customers.[24] On that basis, Staff recommends an equal percentage increase to all classes.

[24]Staff Rate Design Report at pages 2 and 4, Rate Design Direct Testimony of Sarah L.K. Lange ("Lange Rate Design Direct") at page 2.

Q DO YOU AGREE THAT A RELIABLE CCOSS CANNOT BE PRODUCED IN THIS CASE?

A No. The Company prepared two CCOSS models (one reflecting the current class structure, and the other reflecting the proposed class structure) using the embedded cost of service framework, the 4CP A&E production allocation method, and the new single-phase and three-phase distribution split. I reviewed those studies in my Direct Testimony and found them to be consistent with sound cost causation principles.[25]

III.B. Rate Design

Q PLEASE DESCRIBE THE RATE DESIGN RECOMMENDATIONS IN STAFF'S RATE DESIGN REPORT THAT YOU ADDRESS.

A Staff supports the general non-residential rate restructuring the Company proposed, subject to modifications, and makes several specific rate design recommendations. I address four of them. First, Staff recommends a two-step implementation under which the existing rate elements are increased by a uniform percentage upon conclusion of this case, and the restructured rates take effect twelve months later, following a customer migration and determinants study and customer education.[26] Second, Staff recommends that the TRP rate be retained and increased by the applicable percentage rather than eliminated.[27] Third, Staff recommends that, upon completion of the migration and determinants study, the Company calculate rates that recover approximately 15% of the revenue in each restructured class from billing demand charges.[28] Fourth, Staff does not recommend the creation of highly differentiated

[25]York Direct at pages 3-10.
[26]Staff Rate Design Report at pages 4-5 and 24-26.
[27]*Id.* at page 26.
[28]*Id.* at page 32.

time-based non-residential rate schedules at this time.[29] I support Staff's recommendations on the first two points, which are consistent with the concerns I raised in my Direct Testimony, and I address the billing demand recovery target and the treatment of time-based rates below.

Q DOES STAFF'S TWO-STEP IMPLEMENTATION APPROACH ADDRESS THE CONCERN YOU RAISED IN YOUR DIRECT TESTIMONY REGARDING THE HOURS USE RATE STRUCTURE?

A In substantial part, yes. In my Direct Testimony, I recommended that the Commission not eliminate the Hours Use rate structure in this proceeding, or, if it elected to proceed, that it do so through a phased transition with appropriate mitigation because the Company had not provided an account-level analysis of the combined bill impact of the multiple simultaneous rate design changes it proposed for the LGS and LPS classes.[30] Staff's recommended approach is consistent with that concern. It defers implementation of restructured rates for twelve months, conditions them on a customer migration and determinants study, and recommends that the Company provide each affected customer a report showing that customer's usage and demand for twelve historic billing months billed under both the increased non-restructured rates and the restructured rates.[31] That is precisely the kind of account-level information my Direct Testimony identified as missing. To the extent the Commission adopts Staff's deferred, two-step approach and requires the customer-specific impact analysis Staff describes,

[29] *Id.* at page 26.
[30] York Direct at page 22.
[31] Staff Rate Design Report at pages 27-29.

that approach is responsive to MECG's concern and is preferable to the immediate implementation the Company proposed.

Q DOES STAFF'S TREATMENT OF THE TRP RATE ADDRESS MECG'S CONCERN ABOUT THE COMPANY'S PROPOSED ELIMINATION OF THAT RATE?

A Yes. In my Direct Testimony, I expressed MECG's concern that eliminating the TRP rate would remove a rate option that certain LGS and LPS customers selected because it suited their load profiles, and I recommended that the Commission require mitigation for TRP customers.[32] Staff does not recommend eliminating the TRP rate. Staff instead recommends that the TRP rate be increased by the applicable percentage and retained, without revision in the restructuring.[33] Retaining the TRP rate directly addresses the concern I raised because the customers who selected that rate would be able to continue taking service under it. I do not oppose Staff's recommendation to retain the TRP rate.

Q DO YOU AGREE WITH STAFF'S RECOMMENDATION THAT EACH RESTRUCTURED CLASS RECOVER APPROXIMATELY 15% OF ITS REVENUE FROM BILLING DEMAND CHARGES?

A Not as applied to the LGS and LPS classes, and not as a uniform target across classes. In my Direct Testimony, I explained that a large majority of the Company's revenue requirement is fixed, capacity-related cost, and that rate design should, therefore, recover a greater share of fixed costs through demand charges. I recommended increasing the LGS and LPS demand charges by 1.5 times the class average increase

[32]York Direct at page 28.
[33]Staff Rate Design Report at page 26.

and the energy charges by 0.5 times the class average increase because the Company's proposed energy rates recover far more of the revenue requirement than the energy-related share of the cost of service.[34] Staff's own data shows that billing demand charges currently provide approximately 12% of LGS class revenue and approximately 17% of LPS class revenue.[35] Staff's recommended 15% target would move the LGS class modestly toward greater demand recovery, which is directionally consistent with my recommendation. For the LPS class, however, the 15% target would reduce the share of revenue recovered through demand charges below the current 17% level. Reducing demand-based recovery for the LPS class moves the rate structure away from cost causation, not toward it, because it shifts recovery of fixed, capacity-related costs onto volumetric energy charges. I recommend that the Commission place greater weight on demand charges for the LGS and LPS classes, consistent with my Direct Testimony, rather than adopt a uniform 15% demand recovery target that would reduce demand-based recovery for the LPS class.

Q WHAT IS YOUR POSITION ON STAFF'S RECOMMENDATION REGARDING TIME-BASED NON-RESIDENTIAL RATES?

A Staff recommends against creating highly-differentiated time-based non-residential rate schedules at this time, and recommends instead a more moderate set of time-based energy charges and credits.[36] To the extent Staff's caution reflects a concern that imposing complex, highly-differentiated rate structures on non-residential customers at the same time as multiple other significant changes may produce

[34] York Direct at pages 29-30.
[35] Staff Rate Design Report at page 32.
[36] *Id.* at pages 24-26.

unanticipated results, that concern is consistent with the measured approach I recommended in my Direct Testimony. I note, however, that in my Direct Testimony I supported the Company's proposal to make an optional time-of-use rate available to commercial and industrial customers, because an optional rate allows customers who can benefit from load shifting to elect it while not compelling customers whose load profiles cannot respond to adopt it.[37] I recommend that the Commission preserve the availability of an optional time-of-use rate for customers who can benefit from it.

Q PLEASE SUMMARIZE YOUR RECOMMENDATIONS WITH RESPECT TO STAFF'S RATE DESIGN PROPOSALS.

A I recommend the following. First, to the extent the Commission proceeds with all of the Company's non-residential rate restructuring proposals, it should adopt Staff's deferred, two-step implementation and require the customer-specific impact analysis Staff describes, consistent with the concern I raised in my Direct Testimony. Second, the Commission should adopt Staff's recommendation to retain the TRP rate. Third, the Commission should place greater weight on demand charges in the LGS and LPS rate designs, consistent with my Direct Testimony, rather than adopt a uniform 15% demand recovery target that would reduce demand-based recovery for the LPS class below its current level. Fourth, the Commission should preserve the availability of an optional time-of-use rate for commercial and industrial customers who can benefit from it.

[37] York Direct at pages 25-26.

Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A Yes, it does.

581195