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: Direct Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2024-0189
Date Prepared: February 2, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0189

DIRECT TESTIMONY

OF

BRADLEY D. LUTZ

ON BEHALF OF

EVERGY MISSOURI WEST

Kansas City, Missouri
February 2024

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DIRECT 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: By whom and in what capacity are you employed?

A: I am employed by Evergy Metro, Inc. I serve as Director, Regulatory Affairs for Evergy Metro, Inc. d/b/a as Evergy Missouri Metro ("Evergy Missouri Metro"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central ("Evergy Kansas Central") the operating utilities of Evergy, Inc.

Q: On whose behalf are you testifying?

A**:** I am testifying on behalf of Evergy Missouri West ("EMW" or "Company").

Q: What are your responsibilities?

A: My current responsibilities are focused on rates, regulatory operations and customer issues, providing support and oversight for a wide range of regulatory work including determination of retail revenues, load analysis, rate design, class cost of service, tariff administration, compliance reporting, response to customer complaints, docket management system administration, general tariff administration, and relationship development for Evergy's regulatory activities in the Missouri and Kansas jurisdictions.

Q: Please describe your education, experience and employment history.

A: I hold a Master of Business Administration from Northwest Missouri State University and a Bachelor of Science degree in Engineering Technology from Missouri Western State University.

I joined Evergy, then Kansas City Power & Light, in August 2002 as an Auditor in the Audit Services Department. I moved to the Company's Regulatory Affairs group in September 2005 as a Regulatory Analyst where my primary responsibilities included support of our rate design and class cost of service efforts. I was promoted to Manager in November 2010 and was promoted to my current position in March 2020.

Prior to joining Evergy, I was employed by the St. Joseph Frontier Casino for two years as Information Technology Manager. Prior to St. Joseph Frontier Casino, I was employed by St. Joseph Light and Power Company for nearly 14 years. I held various technical positions at St. Joseph Light and Power Company, including Engineering Technician-Distribution, Automated Mapping/Facilities Management Coordinator, and my final position as Senior Client Support Specialist-Information Technology.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("Commission" or "MPSC") or before any other utility regulatory agency?

A: Yes, I have testified multiple times before the Commission concerning tariff, class cost of service and rate design topics as part of various recent proceedings. Additionally, I have testified multiple times before the Kansas Corporation Commission.

Q: What is the purpose of your testimony?

A: I will address the following topics in my testimony:

I. Rate design studies and rate case commitments

II. Rate Modernization Plan

III. Non-Residential Rate Design

IV. Reactive Demand

V. Miscellaneous Tariff Changes

VI. Municipal Street Lighting

VII. Special Rate for Incremental Load Service

I. RATE CASE COMMITMENTS UPDATE

Q: Please describe your testimony concerning rate case commitments.

A: In the Company's last rate case, ER-2023-0129/0130, there were four Stipulation & Agreements ("S&A's") reached and approved by the Commission. My testimony will speak to the rate design and program-related elements of those commitments. I will examine each S&A. Company witness Ron Klote addresses the remaining commitments in his direct testimony.

Q: Please detail the specific rate design-related commitments from the August 30, 2022 Stipulation and what is their status?

A: The following commitments were part of the August 30 S&A. For each I will list the commitment and offer a brief status update.

> *5. NUCOR (EMW only): a. Evergy shall accurately account in its accounting system for the cost of capacity necessary to serve the entirety of Nucor's peak demand in all future Cost and Revenue tracking reports in accordance with Paragraph 7 of the Case No. EO-2019- 0244 Stipulation.*
>
> *b. Evergy shall establish and maintain consistent communication with Nucor to understand what impacts the expected operations at the Nucor plant will have on Southwest Power Pool ("SPP") purchased power*

expenses in order to facilitate accurate records, such communication shall not involve direct access into any Nucor system.

c. Evergy shall keep records of the finite expected hourly load of Nucor's next day operations as reflected in the EMW day-ahead ("DA") commitments in the event an adjustment in accordance with Paragraph 7.d. of the EO-2019-0244 Stipulation is necessary in a future case and such requirement shall not involve direct access into any Nucor system;

d. Evergy shall identify additional SPP related costs resulting from unexpected operational events that meet the criteria set forth in paragraph 7.d. of the EO-2019- 0244 Stipulation; 4

e. Evergy shall quantify the balancing relationship between the real-time ("RT") and DA prices to identify the effect of unplanned load changes that are not included in EMW's DA commitments to apportion any additional SPP balancing charges;

f. Evergy shall incorporate the effect of DA and RT imbalances attributed to differences between actual Nucor operations and expected Nucor operations included in EMW's SPP DA commitments into the tracking of Nucor costs;

g. Nothing herein shall impose any new, additional, or expanded reporting, communications, or scheduling requirements upon Nucor beyond those currently in existence or imposed under the Stipulation in Case No. EO-2019-0244 and.

h. Staff will withdraw its complaint in Case No. EC-2022-0315, without prejudice, upon approval of this Agreement in this case. Staff will request a stay in the complaint case until expected approval date of this Settlement.

Complete. The provisions of this commitment have been further litigated since the time of the Stipulation most recently in Docket # ER-2023-0444, the Matter of the Application of Evergy Missouri West, Inc. d/b/a Evergy Missouri West for Authority to Implement Rate Adjustments Required by 20 CSR 4240- 20.090(8) and the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism. On January 5, 2024, Evergy

Missouri West and Staff together filed a Non-Unanimous Stipulation and Agreement that resolves the issue, defining a specific methodology to track operation events at Nucor.

> *4) Data Retention: a) Prior to July 1, 2023, the Company will identify and provide the data requested in the direct testimony of Sarah Lange. If the requested data is not available or cost prohibitive to produce, the Company will file a motion to establish an EO docket. In that docket the Company will provide the reason why it cannot provide the requested data and its individual estimate of the cost to provide each set of requested data, for the further consideration of the parties and the Commission.*

Complete. On June 30, 2023 the Company filed EO-2024-0002 as contemplated by the commitment and the merits of that filing are being addressed there. This view is contested and is part of Case No. EC-2024-0092.

> *5) The Company will work with Renew Missouri to provide residential customer usage and billing data aggregated by zip code for use in an analysis of energy burdens across the Company's Missouri service territories.*

In Progress. After initial discussions to produce the data, Renew Missouri suspended work to the latter half of the year. In December 2023, discussion resumed, and it was determined that Renew Missouri needed different data, data based on Census Tract. Meetings are continuing.

> *7) General Tariff Changes:*
>
> *c) The Company will perform a Value Of Lost Load ("VOLL") study as outlined in the rebuttal testimony of Geoff Marke. Staff and OPC will have input on the selection of the consultant and the scope and timing of the study. The Company will be allowed to recover the costs of the study. Staff, OPC and Company, jointly, may elect not to pursue a VOLL study in the event the cost outweighs the expected benefits of such a study or if SPP initiates a study in advance of the Company's effort.*

In Progress. After the completion of the rate case and as part of initial discussions with Staff, OPC, Evergy, Ameren and Liberty, it was decided to consolidate this effort with similar studies occurring with Ameren Missouri and Liberty Utilities, sharing the cost to

complete. Plans made in early 2023 defined the study would occur sometime in 2024 with result shared and used to update the Interruption Cost Estimate ("ICE") Calculator. ICE is an electric reliability planning tool developed by Lawrence Berkeley National Laboratory and Resource Innovations designed for electric reliability planners at utilities, government organizations, and other entities that are interested in estimating interruption costs and/or the benefits associated with reliability improvements in the United States.[1]

> *e) The Company will develop a report that examines the technical, billing, and legal barriers to offering Time-of-Use rate options to residential customer-generators with net-metering or interconnection agreements. This report shall also explore potential solutions to the barriers identified. The report shall be shared with the Signatories to this case and other interested stakeholders before the filing of the Company's next rate case.*

Complete. The report was prepared and shared with the Signatories on February 1, 2024.

> *8) Programs: a) Company will proceed with OPC's proposed Critical Needs program and OPC's Rehousing Pilot program. The Critical Needs program will be funded through 50/50 sharing of costs between ratepayers and shareholders for a minimum of three years at a total of $600K per year (or $300K per utility). The Rehousing Pilot program will be funded by a 50/50 sharing of costs between ratepayers and shareholders for a minimum of three years at a total of $500K per year (or $250K per utility).*

Complete. The Company filed proposed tariffs for these programs on October 16, 2023. Commission Staff reviewed and recommended Commission approval of the tariffs. The tariff sheets were approved and became effective on November 15, 2023.

> *c) Income Eligible Weatherization ("IEW") Proposal:*
>
> *i) The Company will continue with the existing income-eligible weatherization tariff with no changes to annual budgets, no Company proposed change to existing process for rollover and no Company proposed change to handling of existing cumulative rollover. The Signatories agree*

[1] https://icecalculator.com/home

to the following funding amounts: (1) EMM amount: $573,888 (2) EMW amount: $500,000

ii) The Company agrees to train Customer Service Representatives ("CSR") on the IEW Program and the benefits that a customer would receive from participating in such a program to lower their energy bill. The training would establish the CSR's discretion to refer customers to the IEW program and CSRs will be instructed to inquire if customers would like to have their information forwarded. Signatories acknowledge that longer CSR conversations may impact the Company's tracked CSR metrics.

iii) Given the influx of federal funding for low-income weatherization, the Company agrees to modify its IEW tariff to allow up to 30% of funding to be allocated to administrative duties and program direct service fees such as marketing, employee training, new hires and/or maintaining existing employees to perform weatherization services.

Complete. The Company has followed the budget as defined, provided materials to its Customer Service Representative through its online reference system, and modified the tariff as agreed.

11) Miscellaneous:

a. Adjust late fees to the average cost of 0.25%.

Complete. As part of system modifications made to implement the Commission order, the rate charges for Late Payment Charges were changed to 0.25%.

b. Company agrees to file annual JD Power Score results (complete PowerPoint survey result) by the end of this and each subsequent calendar year in these two rate cases until the conclusion of the next rate cases. Company agrees to meet with stakeholders on an annual basis to discuss results and plans for the coming year for this and the Universal Customer Service topic as described below.

c. The Company agrees to meet with the OPC and Staff in the month following the conclusion of this case and work towards finding a means by which the OPC and Staff may gain access to view customer facing information currently sequestered behind customer accounts. Access, if granted, will be available until rates become effective following the

Company's next general rate case filing. Evergy agrees to hold periodic meetings as updates are made to the customer portal.

e. The Company agrees to file its plan for Universal Customer Service with the Commission including dates of implementation and all steps to ensure that Universal Customer Service will not result in service degradation in the Company's call center as well as all plans to reduce its call center staffing. The Company agrees to meet with OPC, and Staff if they desire, on an annual basis to address any and all aspects of the Company's Universal Customer Service as well as known plans to implement increased automation, digital functionality and streamlining and its anticipated impacts on customer service and experience. This Agreement will be in effect until rates become effective following the Company's next general rate case filing.

d. Evergy agrees to disclose all fees on its website in a transparent manner that is easily found through its search engine through the use of key phrases.

12) Company Privacy Policy:

a) The Company agrees to notify its customers when changes are made to its Privacy Policy.

b) The Company agrees to reference 20 CSR 4240-20.015(2)(C) within its website's Privacy Section "When Do We Share Your Information"

c) The Company agrees to meet with the OPC regarding the Company's contract with Acxiom.

In progress. The Company addressed these commitments collectively, beginning with a meeting on March 10, 2023 with Staff and OPC. In that meeting, all of the above items were discussed. Initial JD Power Score results were shared and plans for sharing of future data discussed. Concerning system access, challenges were discussed and a recommended solution offered. For Universal Service, the group discussed plans and constraints to roll out of these approaches. Opportunities to implement increased automation, new digital functionality, streamlining and its anticipated impacts on customer service and experience were also discussed. Steps taken to increase fee transparency, provide notification of privacy policy updates, and reference Missouri Code of State Regulation on customer

information were shared and discussed. Finally, the Company provided an overview of the Acxiom data source and an overview of the contract. The next annual meeting is expected in March.

14) Reliability:

a. As a part of its reliability improvement program filing, the Company will provide the actual spend (per reliability program) from the previous year;

b. The Company commits to meet with Staff at least annually and discuss reliability topics;

c. As a part of its annual reliability metric reporting, the Company will report CEMI (monthly values) and MAIFI (monthly values).

d. The Company will no longer provide reliability reporting on a monthly/quarterly basis and instead report monthly values on an annual basis with its annual reliability report.

In progress. Actual spend for the previous year was provided as part of reliability improvement reports filed on December 29, 2023. Company personnel met and continue to meet with Staff on reliability topics. CEMI and MAIFI will be provided in the next annual report provided on April 20, 2024. Monthly/quarterly report was converted to annual reporting effective with January 2023 reporting.

Q: What is the status of the commitments from the September 6, 2022 Stipulation?

A: The following commitments were part of the September 6 S&A. For each I will list the commitment and offer a brief status update.

C. The Company will do the following:

1. The Company will file in this case a statement outlining all learning objectives for the pilot, including all hypotheses the Company seeks to test,

identified on a Company specific basis along with a current literature review. This filing should include, but not be limited to:

- *Costs/savings to participants and non-participants*
- *Costs/savings to Company*
- *Effects on peak demand*
- *Reliability improvements provided to grid/customer*
- *Effect on participant usage/behavior*
- *Tracking of charging/discharging times*
- *Tracking of maintenance issues and costs*
- *Participant satisfaction surveys*

2. The Company will provide stakeholders an update on the pilot and the current data collected on a semi-annual basis through the end of 2025. This update will include what the Company has learned so far regarding its learning objectives.

3. The Company will file a report at the end of the first quarter of 2026 that outlines the results of the pilot and directly addresses the learning objectives that were initially identified.

4. Data from the pilot will be made available to the public at the date of filing of the report, upon request to the highest extent possible but at a minimum to protect participant anonymity and safety of the Company's grid.

5. The Company will not file for any residential battery pilot, expansion of the existing pilot, or otherwise request recovery of a residential battery program until after the report subject to sub-paragraph 3 above is filed. All Signatories remain free to take any position whatsoever regarding any future residential battery pilot or program after the end of 2025.

In progress. Evergy completed the filing of learning objectives and literature review on July 14, 2023 in the ER-2022-0129/0130 case. The remaining commitments are forward-looking.

2. Business EV Charging Service, Schedule BEVCS "" is subject to the following:

A. Required for customers receiving a Commercial EV Charger rebate.

B. Hourly load of service on this schedule will be retained consistent with the Company's Meter Data Management retention policy. The rate design will require study and potential refinement in future rate cases. Usage data will be provided to Staff annually upon request.

C. No Carbon Free Option.

D. For its next rate case, the Company will utilize the load shape data from customers on this rate to determine if additional elements, such as Critical Peak Pricing ("CPP"), are required to further align cost with cost causation. Signatories are free to recommend revisions to the design notwithstanding the Company's conclusions.

E. Revenues from the BEVCS rate, net of the applicable Fuel Adjustment Clause ("FAC") base factor, shall offset deferrals under the Commercial EV Charger Rebate program.

F. Items to be reported semi-annually to Staff and OPC as Confidential or Highly Confidential.

- *kWh consumption by hour, by location,*
- *kW consumption by 15-minute interval, by location,*
- *Peak instantaneous kW by location,*
- *15-minute reactive demand by location,*
- *Base Rate revenue by location (not inclusive of Rider revenue).*

3. Commercial EV Charger Rebate, Schedule CECR, "" is subject to the following:

A. Chargers that receive a rebate cannot require a membership for use.

B. EMW budget of $2.5 million, EMM budget of $3 million, which includes:

- *Education & Administration*
- *not to exceed 10% of approved budget*

- *Distribution costs, to be tracked for further study and as a learning objective. Distribution costs not contributed by customer not to exceed $1 million per utility*

- *No acquisition cost recovery*

C. Multifamily limited to 7.5% of budget.

D. The available rebate amount is capped at 40% of the cost of the charging equipment and customer-side wiring.

E. Signatories do not oppose the following recommendations:

- *Company will require that chargers be network-capable, ENERGY STAR certified for Level 2, safety certified, and managed charging capable;*

- *Company will allow Schedule CECR participants to opt out of particular demand response events as needed;*

- *Company will subject its Clean Charge Network chargers to the same demand response requirements that would apply to participants in Schedule CECR.*

F. Learning objectives to be developed and implemented,

- *Infrastructure cost study, both local and upstream*

- *Responsiveness to load management*

G. The Company will include an annual update to Signatories that addresses its progress towards incorporating load management capabilities for all rebated chargers.

H. Items to be reported semi-annually to Staff and OPC as Confidential or Highly Confidential:

- *kWh consumption by hour, by location,*

- *kW consumption by 15-minute interval, by location,*

- *Peak instantaneous kW, by location,*

- *15-minute reactive demand by location,*

- *Base Rate revenue by location (not inclusive of Riders),*

- *Distribution expansion cost by location, including identification of cost-bearer,*

- *All other incremental costs incurred in connection with facilitating service under the rebate program.*

4. Moratorium – no expansion of CECR rebates to be requested prior to review of the CECR following the January 31, 2028, end date for the program proposed within this case.

5. Monthly audit by Company of all Company-Owned EV stations showing whether or not stations were inoperable at any point and for how long by location and type.

In progress. In general, all of the program designs have been implemented or the tariff executed to comply with the Stipulation terms. To date, five customers are on the BEVCS rate, but only one has data beyond one month. There are no customers served under the CECR program, so no data has been produced or shared with Staff and OPC. No rate redesign is being proposed or additional elements needed. The Company is not requesting any expansion of the CECR rebates and is monitoring for inoperable stations as agreed. Monthly audits of site operations are being performed to assess site and port availability.

Q: What is the status of the commitments from the December 8, 2022 Amended Report and Order?

A: The following commitments were part of the December 8 Amended Order. For each I will list the commitment and offer a brief status update.

14. Evergy shall host a meeting with interested stakeholders related to its rate modernization plan within 180 days of the effective date of Evergy's tariffs filed in compliance with this order.

Complete. A meeting with stakeholders was requested on July 7, 2023 with two meetings held, on August 4 and 28, 2023. This view is contested and is part of Case No. EC-2024-0092.

II. RATE MODERNIZATION PLAN

Q: Please describe Evergy's Rate Modernization Plan.

A: In 2020, Evergy developed a Rate Modernization Plan ("Rate Plan") to guide the Company on several identified rate objectives over a period of time. Evergy shared its Rate Plan with the Commission in several settings, most recently in testimony offered in the ER-2023-0129/0130 rate cases. The Rate Plan provides a framework for Evergy that is both responsive to its historical regulatory obligations in Missouri and Kansas, but also provides a framework for the Company's future general rate case filings. Evergy identified the following drivers to inform the Rate Plan:

- Rates should include proper price signals that will enable adoption of emerging energy technologies that are most beneficial to the grid.
- Rates should implicitly promote beneficial electrification and grid benefits.
- Customer surveys indicate that higher customer satisfaction is directly correlated to choice.
- As a result of mergers and acquisitions the past two decades, Evergy has multiple service territories in Missouri and Kansas with disparate rates.
- Strive for rates that are more equitable across diverging customer classes and subclasses.
- Significant Commission and Kansas Corporation Commission interest exists around TOU and distributed generation rates.

The drivers of Evergy's Rate Plan are not all encompassing. Instead, the drivers identified should reflect that the utility must balance many forces to increase overall customer satisfaction while recovering revenue requirements. Through the Rate Plan, which will be

executed over several rate cases and will flex with changes in regulatory outcomes, industry developments and customer desires, Evergy will drive towards the following rate objectives:

- Creating rates that are independent of end use requirements
- Bringing rate structures closer together across jurisdictions
- Enabling business growth
- Simplifying rates and increase pricing transparency
- Providing greater customer choice
- Increasing customer satisfaction
- Leveraging Customer Information System ("CIS") and Advanced Meter Infrastructure ("AMI") investments
- Developing price signals to increase grid efficiency

Evergy continues to see the Rate Plan is a journey – not a destination. The Rate Plan seeks to balance many objectives to increase overall customer satisfaction while recovering revenue requirements.

Q: Have these drivers and objectives changed since last shared?

A: No. Evergy believes these points remain valuable to guide our efforts. As Evergy listens to customers, external stakeholders, and employees concerning its rates, we seek to identify specific, actionable enhancements that move us toward these objectives incrementally. Knowing that most rate design change impacts customers differently, we seek to take careful steps.

Q: Has progress been made under these objectives?

A: Yes. Evergy has made continued progress to align tariffs between the Evergy Missouri West and Evergy Missouri Metro jurisdictions, supporting common operations within

Missouri. Within the residential class, Commission action to institute Time of Use ("TOU") rates designs accelerated steps to modernize these rates. Multiple programs have been established to provide customers direct access to renewable energy.

Q: Are continued steps being proposed in this case under the Plan?

A: Yes. The Company is proposing steps to address selected elements of the non-residential rates. The Company will also explain and expand on future steps anticipated for the non-residential rate designs. These proposals are explored in more detail later in my testimony. No changes are being proposed for residential rates in this case. Given the migration to TOU concluded in December 2023, time is needed for customers to adjust to the new structures.

III. NON-RESIDENTIAL RATE DESIGN

Q: Please describe your testimony concerning the Non-Residential Rate design.

A: My testimony will provide additional context to the rate designs sponsored by Company witness Marisol Miller in her direct testimony. My testimony will explain the steps being taken to change the Company Non-Residential rate designs as well as share information about additional changes being considered in the future.

Q: What changes are being proposed in this case?

A: In summary, the Company is seeking to take steps toward greater cost alignment for its pricing. In the case the Company is proposing,

- Aligning Customer Charges and Facilities Charges to the costs identified in the Company Class cost of Service Study ("CCOS")
- Apply class increases required by the revenue requirement based on guidance from the CCOS

- Apply increases within the rate structures to the demand components at a higher percentage than the energy components
- Affirm the reactive demand charge

Please see the testimony of Company witness Marisol Miller for details about the application of these proposals to the tariffs. My testimony will focus on the motivation and intention behind these proposals.

Q: Why is the Company seeking to make these changes?

A: The Company has been actively examining its non-residential rate schedules for some time, but had prioritized efforts to address residential proposals. Those residential proposals were offered in the ER-2022-0129/0130 rate case and the Commission ordered the comprehensive deployment of the TOU rate designs. These steps now facilitate bringing forward non-residential proposals.

The Company has also had opportunities to discuss non-residential rate design with customers, Staff, the Missouri Energy Consumers Group, and other large customers to better understanding their respective views. Evergy has participated in working groups and have had detailed interactions before the Commission around rate design-related topics. The Company has fully considered information shared, positions offered, and has looked for opportunities to address items of mutual concern and deemed suitable for this individual rate case.

Finally, the Company has completed non-residential rate design change within a recent Kansas rate case. In that case, the Company proposed and received approval for changes similar to those contemplated for the Missouri jurisdictions. These efforts have provided important feedback from stakeholders. Further, experiences from deployment in

the Kansas jurisdiction are expected to inform future plans for similar proposals for Missouri. This proposal is the result.

Q: What is the primary element of the non-residential proposal?

A: Collectively informed by the interactions noted, the Company identified that the Customer Charge and Facilities Charge could benefit from improved cost alignment and would provide an initial step to further refine the non-residential rate design under the rate modernization plan. Under the Company proposal, both charges will be set to align with cost, consistent with results from its Class Cost of Service study

Q: Generally, what is the effect of this proposal?

A: The precise pricing changes are addressed by Company witness Marisol Miller, but generally, most classes will see a decrease in their Customer Charge and an increase in their Facilities Charge. For the Customer Charge, the cost elements used to define customer cost in the CCOS study are largely similar costs for all classes but for the Large Power class. As a result, Customers Charge pricing will be reduced for all classes. For the Facilities charge, the Company is using guidance from the CCOS study, specifically the Minimum System analysis, to set the pricing. In general, the facilities charges will increase as a portion of costs that would have been otherwise collected through the demand or energy charge is now proposed for recovery through the Facilities Charge.

Q: Why is the Company not taking steps to align the demand and energy charges with the CCOS?

A: Changes to energy and demand elements are expected to be the most impactful to customer bills. The Company prefers to address the elements expected to be less impactful and more foundational such as customer and facilities charges at this time. With respect to this case,

the Company is proposing to increase demand charge pricing at a higher percentage than the energy charge pricing. This more targeted step allows the Company to make measured progress to cost aligned pricing, while attempting to limit customer bill impacts.

Q: Are there any other notable aspects of the Company Non-Residential rate design for this case?

A: The Company heard concerns about reactive demand expressed by Staff in other proceedings and within informal interactions. The Company examined its Reactive Demand approaches and offers more extensive discussion of the effort later in this testimony.

Q: Looking forward, do you anticipate other changes that could be made within the Non-Residential rate designs?

A: Yes. The Company is prepared to discuss three additional changes that it expects to recommend within a future rate proceeding. Specifically, the Company is offering testimony concerning replacement of Hours-Use energy pricing, implementing demand-based thresholds for class designation, and coincident peak-based demand pricing. Hours-Use replacement and demand-based class thresholds were first introduced in the ER-2022-0129/0130 rate case. These are changes that may be of interest in future Company proposals and current views are being offered to update the Commission and provide for additional consideration within this case.

Q: Please describe the Company's plans for replacing it's Hours-Use pricing approaches.

A: Evergy continues to plan to replace its Hours-Use pricing structures in its Non-Residential rate designs. In ER-2022-0129/0130, the Company similarly discussed Hours-Use replacement as a goal, but is not yet ready to propose the change to its rate designs. Since

the 2022 rate cases, the Company proposed and received approval to replace the Hours-Use structures in its Evergy Kansas Metro jurisdiction. This has provided additional experience and allows the Company to refine plans for Missouri.

Q: Please clarify what Hours-Use is and why it is being considered for change.

A: Hours-Use pricing is a ratemaking technique that seeks to recognize both load and energy within the rate component. Hours-Use energy charge is determined by dividing the total monthly kWh on all meters by the Monthly Maximum Demand in the current month. Calculation of the Hours-Use, in a sense, is calculating the load factor of the customer and recognizing the benefit to the system of higher customer load factor. It might be said that the Hours-Use rate provides dynamic pricing that essentially creates an infinite number of rates for customers within the class. While this seems an advantage of the approach, its downside is transparency for the customer. Since the elements of the Hours-Use calculation are not known until the bill is calculated, a customer cannot anticipate the pricing associated with their energy use. This makes is difficult for customers to take proactive action concerning their consumption. The Hours-Use structure is being considered for change because of feedback received from customers seeking a clearer view of their energy pricing.

Q: Please describe the primary elements of the Hours-Use replacement approved in the Evergy Kansas Metro jurisdiction?

A: Evergy is eliminating the Hours Use energy charge and replacing it with a time variant energy charge. To accomplish the change, the Company defined a partial demand charge to recover the demand costs associated with peak system hours and added it to the existing

demand charge. The remaining costs are recovered through the time variant volumetric charge.

Q: How was the Hours-Use change received by stakeholders in Kansas?

A: The plan was well received. Commission Staff and large customer intervenors did not contest the plan and supported it within settlement of the rate case. The rate was newly deployed in December 2023, so Evergy is still monitoring reaction from customers.

Q: Are there any specific concerns for the Evergy Missouri West jurisdiction in replacing the Hours-Use charges?

A: Yes. The non-residential rate design of Evergy Missouri West includes provisions for an Annual Base Demand ("ABD"). The ABD serves as a factor to guide billing of the base and seasonal components of demand and energy. Under this approach the Company establishes an ABD amount that is customer's maximum measured demand established during the four summer billing months. A customer's non-summer demand that is above this threshold, is provided at no cost. Energy usage is apportioned at the ABD percentage and any usage above that level is provided at a seasonal per kWh rate. I contend that the ABD structure would need to be addressed, potentially removed first, before the Company would consider implementing the Hours-Use replacement. The step of addressing ABD would have customer bill impacts itself.

Q: Are you able to offer any update on when this approach might be proposed for Missouri customers?

A: Yes. The Evergy Missouri Metro rate structures are most like the Evergy Kansas Metro structures and would be the best Missouri jurisdiction to propose this change. The Company could mirror rate design approaches and leverage experiences to update billing

systems and deploy the rate for customers. As noted previously, additional preparatory work is needed for the Evergy Missouri West jurisdiction before the Company would propose the Hours-Use replacement there.

Q: Please describe the Company's plans to propose distinct thresholds for its rate classes.

A: Within the Company's current rates and rate classes, the designs include minimum demand values to different the rate pricing, but customers are free to choose any rate for service. As a result, customers intentionally or unintentionally select rates that are not optimum for their load condition. In some cases, customers may be in temporary conditions regarding their usage, like periods for maintenance or retooling, but many time customers are not monitoring their usage and billing and due to changes over time, are on suboptimal rates. For the Company, this tends to create outliers within the respective classes. Customers who are unlike the majority of others customers in a given class. At the time of rate change, these outliers can be associated with excessive bill impacts, limiting the Company efforts. Also, the freedom to move between classes may create significant rate switching after a rate design change. Under current rate designs, special care must be taken to avoid creating unbalanced impact to classes. If the balance is not maintained, customers may move to other classes simply to seek a preferential rate. The Company is considering establishing demand-based thresholds, referred to as Bright Lines, to limit customers to the respective classes based on their demand usage. This approach has been utilized successfully in the Evergy Kansas Central jurisdiction.

Q: Please describe Bright Lines further.

A: Bright Lines, in utility tariff application, are thresholds established to define the utility rate classes. The planned thresholds would be expressed in terms of customer's measured

demand. Based upon where a customer's demand determinants fall within said thresholds customer are grouped into a given class over another. In Evergy's Kansas Central jurisdiction existing application, Bright Lines are based upon customer Non-Coincident Peak ("NCP") demands. Parameters are established that monitor customer demand over time. As customer demand increases or decreases, they are proactively moved to the rate applicable to their size. By making these changes, customers stay associated with rates designed for their situation.

Q: What does the Company plan to achieve with this proposal?

A: The Company plans to use Bright Lines to stabilize classes and facilitate more transparent and appropriate ratemaking. This would allow the Company a level of freedom to further differentiate the rate designs for the customer classes without risking mass migrations of customers.

Q: Has the Company received feedback from any stakeholders concerning this plan?

A: In a recent rate case, Evergy proposed Bright Line thresholds for its Evergy Kansas Metro jurisdiction. The Bright Lines plan was well received by parties to the case and was part of a settlement of that case. The thresholds were established for billing starting in December of 2023.

Q: How are the thresholds developed?

A: Evergy seeks to establish thresholds that best reflect the classes as they exist. After examining actual revenues in a test year, best-fit Bright lines would be determined across jurisdictions, utilizing maximum NCP demand as the defining criteria. Proposed best fit lines would be determined by established maximums that would minimize customer rate switching. An analysis keeping class counts static would be done, as well as a more finite

analysis keeping absolute switchers to a minimum. Evergy would also plan to compare proposed thresholds across all Evergy jurisdictions to help ensure a level of relative alignment.

Q: Are there any specific concerns for the Evergy Missouri West jurisdiction in deploying these demand thresholds?

A: Yes. In examining the Evergy Missouri West class structure one would note that the Evergy Missouri West jurisdiction lacks a Medium Rate Class. The Company would seek to make a determination if a Medium Rate Class is beneficial before establishing the Bright Line thresholds.

Q: Are you able to offer any update on when this approach might be proposed for Missouri customers?

A: Yes. Like the Hours-Use update, the Evergy Missouri Metro rate structures are most like the Evergy Kansas Metro structures and would be the best Missouri jurisdiction to propose this change. Evergy could mirror rate design approaches and leverage experiences to update billing systems and deploy the rate for customers. Again, there is additional work is needed for the Evergy Missouri West jurisdiction before the Company would propose the Bright Line thresholds there.

Q: Please describe the Company's understanding of coincident peak demand charges.

A: A coincident peak ("CP") demand charge is a charge designed to align with periods of the system peak load. Company non-residential rate designs utilize non-coincident peak ("NCP") demand charges, a charge designed to align with the period of customer peak load, are not aligned with the way costs are incurred.

Q: Do you understand Staff's view of coincident peak demand charges?

A: I believe so. Much of this understanding has come from Staff testimony in Evergy and other utility rate cases. Further, the topics has been part of the recent discussions within the Ameren Non-Residential workshops ordered in ER-2022-0337. In general, Staff believes that NCP demand charges are not aligned with the way costs are incurred and that CP demand changes should be used in non-residential rate designs. Within testimony related to Ameren, Staff has suggested that CP periods of 12:01 pm – 8:00 pm are appropriate for the months May, June, July, August, September, and October, and that CP periods of 6:01 am – 10:00 am, and 4:00 pm – 8:00 pm are reasonable periods for the remaining months.[2] In an Evergy proceeding Staff has suggested that in summer months the CP period be noon – 10 pm, and during non-summer months the period be 6 am – 10 pm.[3]

Q: Do you support this view?

A: Theoretically, I appreciate the logic of the view, but it is premature to say that I support the position that the NCP demand charge be changed to a CP basis. I have concerns about the application of the change of methods.

Q: Would you please describe these concerns?

A: My concerns fall into two categories, the relationship of demand charge to other aspects of the rate design and customer impacts of a transition.

Q: On the concern about relationship to other charges, what do you mean?

A: The demand charge is but one charge within the non-residential rate design. For the Company, most non-residential rates include four parts, a customer charge, facilities

[2] Direct Testimony of Sarah Lange, ER-2022-0377, page 51, line 14
[3] Direct Testimony of Sarah Lange, ER-2022-0129/0130, page 64, line 20.

charge, demand charge and energy charge. Company costs are distributed across these charges for the purpose of recovery. There is some general alignment of costs and pricing of these charges. In my understanding, the NCP approach has been embraced in the past, in part because the demand charge is carrying considerable distribution cost. It is generally accepted that distribution costs are better allocated to customers on the basis on NCP. In order to make the demand charge suitable for shifting to a CP basis, distribution costs should be eliminated from the demand charge as much as possible. This has not occurred within the company non-residential rate designs. Steps proposed by the Company to modify the Facilities Charge are a step toward this clearer distinction of costs within the rate pricing. In my opinion, more effort is need to achieve this alignment before the Company should consider changing the basis for the demand charge to CP.

Q: On the concern about customer impacts, what do you mean?

A: Deploying a CP demand change will have the effect of increasing the pricing of demand charges. Similar costs are spread across fewer billing determinants, resulting in a higher per unit price. This pricing could make sense for customers who are low load factor and have consumption peaks that fall within the defined CP periods. The CP approach might incent these customers to behave differently with their consumption which is good. However, high load factor customers, customers with consistent loads across most hours would be unable to materially change behavior and would simply have to endure the high costs. I revisited testimony in the ER-2022-0129/0130 rate case and although a CP demand charge was proposed, the Commission did not address it in the Final Order.

Q: Is the variation of CP periods between Evergy and Ameren concerning?

A: No. I would expect variation based on the load conditions experienced by the two utilities. However, I do believe the variation highlights the challenge behind defining a suitable CP period. Staff's initial proposals are relatively long periods, up to ten hours. Brief review of other CP demand charge designs available publicly reflect considerable variation in the periods defined for the charge. Some designs found include provisions for a single hour period, applied after the fact, instead of a predefined period.

Q: Are there any specific concerns for the Evergy Missouri West jurisdiction in deploying a coincident peak demand charge?

A: Yes. As described previously, the non-residential rate design of Evergy Missouri West includes provisions for an ABD. I contend that the ABD structure would need to be addressed, potentially removed first, before the Company would consider changing the basis of the demand charge to a CP basis. The step of addressing ABD would have customer bill impacts itself.

Q: Has Evergy considered how it will address this potential rate design change going forward?

A: Evergy will continue to participate in the Ameren non-residential workshops to learn from that interaction. The Company will also follow any Commission guidance concerning this proposed rate design that may be offered in the course of other proceedings, specifically the EO-2024-0002 docket where questions about data supporting potential rate design changes like this are being considered. Evergy will also continue to interact with customers and other stakeholders to identify the merits of pursuing a proposal of this type in the future.

IV. REACTIVE DEMAND

Q: Please describe your testimony concerning Reactive Demand.

A: Reactive demand is the power used to sustain the electromagnetic field in inductive and capacitive equipment. All customers contribute to reactive demand but large customers contribute disproportionately due to large motors, pumps, and equipment commonly used by their operations. Informal conversations with, and recent testimony[4] by Staff has raised questions about reactive demand and if changes in regional generations fleets should require changes to rate design approaches related to reactive demand.

Q: Why are changes to generating fleets important?

A: Historically, the energy grid, including the portions operated by the Company have received power from rotating mass generators. These generators use massive coils of wire and metal spinning at sixty times a second to provide energy to the grid. The spinning action of the generator provides inertia to help, among other benefits, stabilize or buffer imbalances that are introduced into the grid by faults, instabilities, customer loads and other non-rotating mass generators. The spinning mass also provides a source for reactive power within the grid. As this spinning mass generation is retired and replaced with non-rotating generation (e.g., inverter-based solar photovoltaic generation), the stabilizing inertia with is buffer effect and the source of reactive power is decreased. Steps can be taken to utilize inverters to provide voltage support but it is at the expense of energy generation, so it tends to be uncommon.

[4] Direct Testimony of Sarah Lange, ER-2023-0129/0130, page 5, line 1, page 24, line 31, and page 64, line 24.

Q: What is you understanding of Staff's interest in reactive demand?

A: Staff has observed retirements of traditional rotating mass generation such as coal or gas and increases in inverter-based generation within Missouri and wishes to confirm the ratemaking treatment is appropriate.

Q: Have you explored the management of reactive demand on the Evergy grid?

A: Yes. I have consulted with representatives of Evergy groups responsible for planning and ensuring power quality for its systems, specifically, Operations Analytics, Distribution Planning, Operations Technology, Transmission Planning, and Central Design. With the help of these engineers, analysts and technical specialists I have learned that Evergy addresses reactive demand[5] at three primary levels, the transmission grid, the distribution grid and the customer level. The concepts of monitoring and managing power quality are complex and technical. I will not attempt to delve into the intricacies with this testimony but will explore each level generally.

Q: How does Evergy manage reactive demand at the transmission grid level?

A: Evergy efforts at the transmission level are coordinated through the Southwest Power Pool ("SPP"). The SPP monitors grid conditions as part of their regular studies. Anytime resources or interconnections are added or retired, the SPP studies identify any needed transmission grid reinforcements, including reactive support. Evergy, as a SPP member, would respond to any Notification to Construct authorizations issued by the SPP and would have the right of first refusal to address construction of measure occurring within its service territory.

[5] For the purpose of this testimony, I will refer mainly to reactive demand or reactive power. The Company manages reactive demand as part of its overall power quality efforts. These efforts also address grid frequency, voltage, harmonics, and losses.

Q: How does Evergy manage reactive demand at the distribution grid level?

A: Within the distribution grid, power quality conditions are monitored as part of annual circuit analysis. Engineering personnel examine the load conditions at the circuit level and identify conditions that warrant mitigation. From this effort, circuit modification, usually through the installation of specialized equipment, is planned and executed through the coming year.

Q: How does Evergy manage reactive demand at the customer level?

A: As customers engage with the Company as part of obtaining service, Engineering and Design personnel identify loads or characteristics of the load that might need special equipment to serve. Large motors, electric arc-style furnaces, and some extreme lighting loads might be examples. Reactive demand impacts are part of that analysis. If it is determined that a customer has a load which is negatively impacting power quality, steps will be taken to install equipment or in some cases to require the customer install equipment behind the meter to address these loads. In most cases these costs would be borne by the customer.

Q: Generally, what measures are deployed to address needs for reactive power?

A: There are two common types of equipment used to address reactive power compensation, capacitors and static VAr (volt-ampere reactive) compensators. A capacitor is a reactive device that can be called on to support the grid. Some capacitors may be controlled based on time, temperature, or based on measured line conditions such as voltage or power factor. Other capacitors can be controlled manually. The second piece of equipment is a static VAr compensator or Statcom. The Statcom is essentially a large capacitor with advanced controls that allow quick and precise operation. Generally, Statcoms are used in substation

and transmission applications while capacitors are common to distribution applications. A third, less common measure, a synchronous condenser, is a form of motor that is connected to the electric grid to provide the inertia normally provided by a spinning-mass generator.

Q: How is reactive demand addressed within Evergy Missouri West's rates?

A: A reactive demand charge is included in the design of Evergy Missouri West's Large Power Service rate. Within that schedule, a charge per kVAr is made for each kVar by which the maximum reactive demand is greater than fifty-percent (50%) of customer's maximum kW demand for that month. The reactive demand adjustment will be based on the ratio of the customer's maximum monthly fifteen (15) minute reactive demand in kVar to the customer's maximum kW demand for the billing period.

Q: Are there any specific charges for other classes or rates?

A: A reactive demand charge is included with the Large Power option under the Limited Time-Related Pricing Service. Otherwise, no other rate or class rate design includes a reactive demand component.

Q: Earlier you stated that all customers contribute to reactive demand. Why is it appropriate that only the Large Power rate includes a specific charge?

A: Although all customers contribute to reactive demand, most do so in small ways they could not directly control separate from other energy usage. For example, smaller customers, including residential customers, contribute to reactive demand through small motors in HVAC equipment or lighting. Additionally, the reactive demand charge applied to the Large Power class does not recover all of the costs associated with providing reactive demand. As a result, the remaining costs are incorporated in to the overall cost of service and recovered as part of all tariff elements.

Q: Then under the current rate designs, all customers contribute to the cost to provide reactive power?

A: Yes. Under the revenue estimated from current rate designs, and revenue requirement based on data through October 2023, about 23% of the estimated revenue requirement related to capacitor plant is recovered directly from the Large Power class through the specific reactive demand charge with the remainder recovered from all customers through recovery of the general revenue requirement.

Q: Would it make sense to add a reactive demand charge to all of the other class rate designs?

A: No. For most customers a reactive demand charge would be difficult to understand and since most customers contribute relatively small amounts of reactive demand on the system and in reality, could do little in response to the charge, the additional charge on the customer bill would be ineffective. Considering the full scope of power quality support the Company provides on the system with reactive demand being just one part, it makes sense to keep the cost incorporated as part of other charges for electric service. Further, only Company three-phase metering is currently capable of measuring kVArs. Three-phase metering is only used on larger customer installations.

Q: Would it make sense to increase the charge on Large Power customers to encourage them to take action to address reactive demand needs themselves?

A: Not necessarily. A primary take-away from my discussions with technical personnel is that the conditions on the grid are dynamic. Reactive power can be too high or too low. Under the Company oversight, grid conditions are constantly monitored and equipment controls adjusted to respond, keeping the grid in “balance”. Monitoring electric power

conditions is not important to most customers and only practical for the largest, most power sensitive customers. If customers arbitrarily install reactive demand equipment or install equipment without proper monitoring, it could create additional issues for the Company to mitigate in providing overall power quality to all customers.

Q: Have you examined the approaches used by other utilities?

A: Yes. With assistance from Evergy Engineering personnel, reactive demand rate designs from regional utilities[6] were considered and contrasted to the method used by the Company. Although there are variations in approaches, the current method for assessing a reactive demand charge was deemed reasonable from a technical perspective.

Q: Are you recommending any changes to the Company rate structures concerning reactive demand?

A: No. The approaches used by the Company to monitor and manage reactive demand are appropriate to maintain power quality in service to customers. The rate designs in place to address recovery of costs includes a direct charge for Large Power customers, the class most associated with the need for reactive demand, but the bulk of the overall cost is paid by all customers.

Q: Are you aware that Ameren has recently been ordered[7] to retain reactive demand determinants?

A: Yes.

[6] Ameren Missouri Large Power Service, Oklahoma Gas & Electric Power and Light Rate, and Mid-American Energy Large Electric/Substation/Individual Customer Service rate.
[7] Report and Order, ER-2022-0337, Issued June 14, 2023. Page 48.

Q: Does this impact your view for this case?

A: No. I have reviewed the Order and the Staff testimony from the Ameren case. Concerns around reactive demand were the result of recent and planned investments in Static Compensators related to the retirement of an Ameren generating units. Those conditions are not present within Evergy Missouri West.

V. MISCELLANEOUS TARIFF REVISIONS

Q: Beyond changes to pricing, is the company proposing changes to its tariffs?

A: Yes. The Company is proposing a number of tariff revisions to continue its efforts to clean-up tariffs and improve alignment within the Missouri jurisdictions. The Company is proposing edits to the following tariffs:

- Residential Availability
- Economic Development Rider (frozen)
- Table of Contents
- Service Agreements Discontinuance of Service
- Installations
- Metering
- Meter Reading, Billing, Complaint Procedures
- Electric Power and Energy Curtailment Plan
- Municipal Street Lighting Service
- Extension of Electric Facilities

RESIDENTIAL AVAILABILITY

Q: What revisions are being proposed for the Residential rate tariffs?

A: The Availability sections of the Residential tariffs included details related to the rate transitions ordered in the ER-2022-0129/0130 rate cases. Specifically, the tariffs described the timing of the October to December migrations and detailed the applicability through those periods. As the transition have been completed and the language no longer relevant, the Company is taking the opportunity to remove this additional language.

ECONOMIC DEVELOPMENT RIDER

Q: Why is Evergy Missouri West proposing to cancel Economic Development Rider Sheets 120 through 123?

A: These tariff sheets were frozen and not available to customers since October 19, 2013. At this point, all contracts executed under these terms have expired and the tariff sheets may be reserved for future use. Removing the frozen sheets will clean up the Economic Development Rider Schedule that included two iterations of the Rider.

TABLE OF CONTENTS, RULES AND REGULATIONS

Q: **Please summarize the proposed changes to the Table of Contents**

A; The Company proposes revising the Table of Contents to clean up the presentation and reflect the most current naming conventions of the tariff sections. For example, Section 8, Electric Power and Curtailment Plan will be renamed Emergency Energy Conservation Plan to be consistent with the language throughout the body of the tariff. Section 8 will also reflect the new headings of the tariffs that were revised in the 2022 rate case, ER-2022-0130. Tariff sheets R-59, R-62-62.05, R-62.08-62.09, R-62.11 and R-62.14 labeled as Reserved for Future Use will be deleted as they are not posted on Evergy's website and provide no informational value to the customer. The Company will remove sections that are not part of the tariff. Specifically, Section 4.10, Other Terms and Conditions will be deleted as it is not referenced in the tariff. Additionally, MEEIA Cycle 2 Programs tariff sheets R-91-R-95, and R-106 marked as Reserved for Future Use will be removed as they are not posted on the Company's website.

SERVICE AGREEMENTS

Q: What changes are proposed for this tariff?

A: Tariff sheet R-13 is being updated to reflect the revised MO CSR Title and Division numbers. Currently tariff sheet R-13 references the old Title and Division numbers. The revisions will reflect the current Title number 20, and Division number 4240.

SUPPLYING AND TAKING OF SERVICE

Q: Please describe the proposed changes for this Section.

A: The Company is proposing to remove references to "consumer" and revise to "Customer" in Section 3.01. "Customer" is the common reference within the Company rules and this change will address these two outliers.

INSTALLATIONS

Q: Please describe the proposed changes to the Installations Section?

A: The Company is proposing revisions to three subsections within Section 4. The Company is proposing to add and modify language in Section 4.01 to remove gender references and clarify applicability of codes. The Company is proposing to revise the language of Section 4.06 to broaden the equipment types referenced. Finally, the Company is proposing to add language to Section 4.07, Attachment to Company's property that will require written consent from the Company before anything of any kind or nature can be attached to electric facilities of the Company.

Q: Why are changes needed to the tariff?

A: Changes to Sections 4.01 and 4.06 are proposed to clarify and update the language used by the Company in its rules. For Section 4.01, the Company proposes to clarify its normal practice to defer to local authorities for Code versions applicable for customer installed

equipment. For Section 4.06, the current equipment list remains accurate, but is no longer representative of the only concerning forms of customer equipment. the revision will allow for others. For Section 4.07, it is important that the Company is aware of anything that is being attached to their facilities to ensure safety to its customers as well as to preserve the integrity of its facilities. This requirement will provide the Company clear oversight over attachments, allowing the Company to confirm suitability of the structures and appropriate clearances to carry new facilities before the work occurs. Requiring prior written consent prior to any attachment of any kind also allows for the Company to ensure qualified resources are utilized to hang said attachment, to ensure Occupational Safety and Health Administration and National Electrical Safety Code rules are followed, as well as provide us the opportunity to do a post installation inspection to ensure there is not a safety hazard for Company workers, contractors or the public. Also, adding the language will align the terms used in both Evergy Missouri Metro and Evergy Missouri West, allowing for consistent processes across the Missouri area.

METERING

Q: What changes are proposed for this tariff?

A: The Company is proposing to revise the language in Section 5.02, (A) Multiple Metering, sheet R-32 to mirror the language found in Evergy Missouri Metro Section 6.02, Multiple Metering. The language in Evergy Missouri Metro is more concise and easier for the customer to understand. The alignment will also support consistent processes across the Missouri area.

METER READING, BILLING AND COMPLAINT PROCEDURES

Q: Please summarize the changes to the Meter Reading, Billing and Complaint Procedures tariff.

A: The Company is proposing updating tariff sheets R-40 and R-44 to reflect the revised MO CSR Title number 20 and Division number 4240. The tariff sheets currently reference the old Title number 4 and Division number 240.

ELECTRIC POWER AND ENERGY CURTAILMENT PLAN

Q: What changes are proposed for this tariff?

A: The Company is proposing changing the title of the section from Electric Power and Curtailment Plan to Emergency Energy Conservation Plan in order to be consistent with the language in the body of tariff. The revision will also align with the naming convention in Evergy Missouri Metro and reduce ambiguity between the jurisdictions. The plan itself is already identical between the Missouri jurisdictions, following revision in the ER-2022-0129/0130 rate case. Similarly, the Company will add the rule number under Section 8.04, Daily Monitoring to provide consistency between both Evergy Missouri West and Evergy Missouri Metro.

MUNICIPAL STREET LIGHTING SERVICE

Q: Please describe the proposed changes to the Municipal Street Lighting Service.

A: The Company is proposing adding provisional language to the "Additions to the Street Lighting System" section of the tariff that details the conditions upon which a municipality may order additional equipment to be installed to the system.

Q: Why are changes needed to the tariff?

A: The Company is taking steps to align its Municipal Street Lighting tariffs across all Evergy jurisdictions to streamline customer interactions and enhance the presentation of the lighting service within the tariffs. More about this proposed enhancement is described in the Lighting section found later in this testimony. Specific to this language, it is important that the Company has the ability to review requests from the municipalities to ensure the street lighting facilities requested meet the requirements outlined in the Company's Standards for Municipal Street Lighting Facilities. The Company should have the discretion to reject requests that do not meet the requirements as set forth in the standards.

EXTENSION OF ELECTRIC FACILITIES

Q: What are the proposed changes for this tariff?

A: The Company proposes changing the language in Section 7.06 Temporary Service concerning the equipment used to be more specific. Currently, the section notes a 40 Amp self-contained meter. Instead, the last sentence would read "Such temporary service consists of 2-20 Amp, 120 Volt Ground-Fault Circuit Interrupter Outlets in a self-contained meter stand."

Q. Why are changes needed to the tariff?

A. The equipment description more accurately reflects a typical temporary meter set and will ensure equipment appropriate for a temporary service are used.

VI. MUNICIPAL STREET LIGHTING

Q: Please describe your testimony concerning Municipal Street Lighting.

A: My testimony will detail proposed changes to the format of the Municipal Street Lighting tariff and the proposed addition of two new Lighting options for service to customer. My testimony will complement the pricing testimony of Company witness Marisol Miller.

Q: How is the Company proposing to change the format of the Municipal Street Lighting tariff?

A: In reviewing the Municipal Street Lighting tariff structure in the four Evergy jurisdictions, the Company uses four different structures. This variation contributes to Company administrative inefficacies and possibly customer confusion. To address these concerns, the Company proposes to adopt a new tariff format for this service. The changes proposed for Evergy Missouri West, if accepted, will be proposed for the remaining Evergy jurisdictions. Concerning the specific format changes, the Company is proposing to reorganize the layout of the current elements and implement a cleaner, table-based presentation.

Q: Is the Company proposing anything new for the Municipal Street Lighting tariff?

A: Yes. The Company is proposing two new light types, Class 3 and Class 6, which are light types used in other Evergy jurisdictions and would fill in gaps for lumen output in the existing light options.

Other new or significant changes to the tariff include:

- Revised Light Class code designations, replacing the alphabetic codes with numeric codes. Codes that will be the same across all Evergy jurisdictions.
- More detailed statement of Availability
- Explicit Lumen Output ranges

- Updated kWh consumption amounts
- Definitions for key terms
- Detail concerning Installation, Maintenance and Constriction

Q: How were the prices developed for these two new rates?

A: Since the Class 3 and Class 6 lights are being introduced into existing pricing for adjacent light options, the Company set the pricing for Class 3 lights at approximately the midpoint between Class 2 and Class 4 pricing. For Class 6 the Company proposed pricing greater than Class 5 pricing by the equivalent pricing differential between Class 4 and Class 5.

Q: Are there any other proposed changes to the Municipal Lighting tariff that you wish to discuss?

A: Yes. The Company proposed to continue its transitional pricing for its LED options. In 2017, the Company began to convert Municipal Street Lighting to LED technology. Rates for the LED luminaires were set based on costs, but the rates for non-LED fixtures were pre-existing and often lower than the observed costs. To facilitate the conversion and avoid additional bill impacts, rates for non-LED fixtures were left as they were. Since the conversion is complete, the Company is looking to give the Full Light Assembly Transitional LED prices a larger increase in order to eventually consolidate this with the standard Full Light Assembly LED prices so that customers receiving the same service will be paying the same rate.

On the Municipal Street Lighting Service tariff, Sheet No. 150, under section 1.0 of the RATE section, we have a series of LED rates coded as OWB. These rates were set as part of the LED conversion and were intended to be temporary. These rates would be gradually increased over time and brought to parity with the regular LED rates under

section 1.0 and coded as OWA.[8] For this case, we propose to reduce the current differential between the OWB and OWA rate by approximately 20%. Additional similar steps will be taken in future rate cases until the rates can be set equal and combined.

Q: Earlier you mention changes to the Company Rules and Regulations related to Municipal Street Lighting. What changes are proposed there?

A: In Section 14, found on Sheet R-70, the Company is proposing two changes, both viewed as clarifications. As mentioned previously, the Company is taking steps to more fully align its Municipal Street Lighting tariffs across its four jurisdictions. These clarifying phrases were found in other versions of the Evergy rules and were added here to provide consistency.

VIII. SPECIAL RATES AND DEMAND RESPONSE

Q: Please describe your testimony concerning the Special Rates.

A: In EW-2021-0267, the Matter of the Establishment of a Working Case Regarding FERC Order 2222 Regarding Participation of Distributed Energy Resource Aggregators in Markets Operated by Regional Transmission Organizations and Independent System Operators, the Commission issued an Order Granting Clarification on December 13, 2023 which addressed a need for review of the Special Rate for Incremental Load tariff, Schedule SIL ("SIL") and included the following provision starting on page 3:

> **Evergy's Special Rate for Incremental Load Service (SIL) tariff**
>
> Evergy's Special Rate for Incremental Load Service (SIL) tariff is designed to provide certain customers access to a special rate that is not based on the company's 4 cost of service. The tariff currently provides that service under the SIL tariff may not be combined with, among other things, participation in programs related to demand response, unless otherwise ordered by the Commission when approving a contract for service under the SIL tariff. The Commission's Order only modifies the 2010 prohibition on ARCs and does

[8] ER-2018-0146, Direct Testimony of Bradly D. Lutz, page 39, line 1.

> not modify or change the terms of any utility tariff or any contract for service under the SIL tariff. However, the Commission will direct its Staff to review, in each electric utility's next general rate case, the SIL tariff and/or any other special rate tariffs with the same or similar prohibitions on customers participating in programs related to demand response, and recommend to the Commission whether such prohibitions are still reasonable and as narrowly tailored as possible to ensure that as many customers as possible have the option of participating in wholesale demand response programs through an ARC.

My testimony is to offer the Company's view of the SIL tariff and other special rate tariffs with respect to potential customer aggregations.

Q: Please describe the SIL rate schedule.

A: The SIL rate schedule is designed to provide certain Customers with new or incremental increases in load, access to a special rate that is not based on the Company's cost of service like generally available tariff rates, but is designed to recover no less than the incremental costs of serving the new load. The Customer load will be served primarily by renewable energy resources separate from energy resources used to serve general customers of the Company. Availability of the rate is limited to customers who have a facility whose primary industry is the smelting of aluminum and primary metals, (Standard Industrial Classification Code 3334), have a facility whose primary industry is the production or fabrication of steel (North American Industrial Classification System 331110) or operate a facility with an increase in load equal to or in excess of a monthly demand of fifty megawatts. Service under this rate schedule requires a written contract between the Company and the Customer. Each Special Incremental Load Rate Contract shall collect at least the incremental cost incurred by the Company to serve the Customer. Customers must show a competitive need, documenting the facility would not commence operations absent the special rate and show the special rate is in the interest of the state of Missouri.

Q: Are customers currently receiving service under the SIL rate schedule?

A: Yes. One customer.

Q: The Order Granting Clarification directs review of other special rate tariffs. Are there others available to customers?

A: Yes. Evergy Missouri West offers two additional special rate schedules, the Special Contract Rate and the Special High-Load Factor Market Rate, Schedule MKT ("MKT"). The Special Contract Rate permits the Company to meet specific competitive threats, which if not responded to would result in lost margin to the Company. By attempting to meet competition, the Company will try to preserve some contribution to margin through customer retention. Second, this tariff can be used to serve customers who require a service structure not found in the Company's standard tariffs. Customer must have an annual peak demand measured on a fifteen (15) minute basis that meets, or exceeds, 1,000 kW to receive service under the Special Contract Rate.

The MKT rate schedule is designed to provide certain Non-Residential Customers access to energy pricing as set by the Southwest Power Pool Integrated Marketplace. The MKT rate schedule is available to Non-Residential customers for service to accounts originating after March 31, 2022, at a single location who operate a facility with a load equal to or in excess of a monthly demand of 100,000 kilowatts or is reasonably projected to be 150,000 kilowatts within five years of the new customer first receiving service from Company. and at full load, Customer must be able to demonstrate and maintain an annual load factor throughout the year of 0.85 or greater. During initial startup or commissioning, not to exceed five years, the Customer must be able to demonstrate and maintain an average annual load factor throughout the year of 0.85 or greater.

Both rate schedules require customers to have a Commission-approved contract to receive service. I would note the Special Contract Rate does not include any language concerning demand response as the SIL and MKT rate schedules do.

Q: Are customers currently receiving service under the Special Contract Rate or MKT rate schedules?

A: No.

Q: Please describe the purpose of the demand response-related language found in the SIL and MKT rate schedules?

A: Both of these rate schedules seek to establish incremental pricing for customers meeting special criteria. In establishing the incremental rate designs, the Company seeks to align costs to serve with the expected operational load characteristics (expected kWh and kW) of the customer to produce rate schedule pricing that will return the appropriate revenue to cover these costs to serve. The language prohibiting demand response "unless otherwise ordered by the Commission when approving a contract for service under this tariff" was added to ensure that demand response participation was acknowledged at the origination of the special rate and was properly factored into the determination of the special rate.

Q: Why is this important?

A: The special rates provide for long term pricing, some up to ten years. Further, both rate schedules are designed to recover no less than the incremental costs of serving the new load. Since the rates are set near incremental cost based on estimated customer loads, material changes in the customer consumption could undermine the rate design and expose the Company to under recovery of cost. Accordingly, this language requires demand response participation to be part of the Commission approved contract.

Q: Does this language prohibit demand response?

A: No. It only requires that the demand response be considered at the time of the Commission review and approval of the contract.

Q: If a customer receiving service under the SIL or MKT rate schedules wishes to participate in demand response as ordered in EW-2021-0267, how would that occur?

A: For customers already receiving service, the customer and the Company should work together to modify the existing contract, filing the modified terms to the Commission for review and approval. In preparing the modifications, terms allowing demand response would be included and provisions made in the pricing for service under the special rate. The modified contract would be filed according to any specific terms for filing set out in the respective tariffs. Similarly, if a new customer sought service under these rate schedules and expected to participate in demand response, terms and pricing would be developed as part of the initial request for Commission approval of the contract.

Q: In your opinion, is this approach reasonable and narrowly tailored to ensure customers have the option of participating in wholesale demand response programs?

A: Yes. This approach allows customers to participate in demand response as the Commission intends, but includes prerequisites to ensure the terms of the special rates are maintained and recover no less than the incremental costs of serving the new load as intended.

Q: Do you believe any modifications to the SIL or MKT schedules are needed to achieve the purpose set out in EW-2021-0267?

A: No. I believe the tariffs balance the interests of all groups as written.

Q: Do you believe any modifications to the Special Contract Rate schedule is needed to achieve the purpose set out in EW-2021-0267?

A: No. The Special Contract Rate tariff relies on a different pricing approach, one that is more related to the pricing of the generally available tariffs. In practice, these contracts have provided discounted pricing but have remained well above incremental cost to service. Contracts under the Special Contract Rate are also subject to any applicable Riders & Trackers, helping to limit reliance on estimated customer consumption. I believe the tariffs balance the interests of all groups as written.

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 Direct Testimony on behalf of Evergy Missouri West consisting of forty-seven (47) 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 2nd day of February 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