Exhibit:	__________
Issues:	PAYS Pilot
Witness:	Brian File
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri Metro and Evergy Missouri West
Case No.	EO-2019-0132
Date Testimony Prepared:	June 3, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: EO-2019-0132

DIRECT TESTIMONY

OF

Brian File

ON BEHALF OF

EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST, INC. D/B/A EVERGY MISSOURI WEST

Kansas City, Missouri
June 2021

DIRECT TESTIMONY

OF

Brian File

Case No. EO-2019-0132

Q: Please state your name and business address.

A: My name is Brian File. 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, Inc. I serve as Director, Demand Side Management for Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West").

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Evergy Missouri Metro and Evergy Missouri West (collectively, "Evergy" or "Company").

Q: What are your responsibilities?

A: My responsibilities include leading the demand-side management group (including energy efficiency and demand response) at Evergy for all jurisdictions. This function includes the Commission approved MEEIA programs. Additionally, I have responsibility for a team focused on customer renewable energy programs and customer facing rates implementation (e.g Time of Use).

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

A: I earned a Bachelor of Science degree in Chemical Engineering from the University of Kansas and a Master of Business Administration from the University of Missouri-Kansas City. Prior to Evergy, I worked in the petrochemical industry with Chevron Phillips

Chemical Company in marketing and technical field sales roles. I have been employed at Evergy (and formerly KCP&L) since 2007 in roles varying from product management, key account relationships and economic development. I have held responsibility over the demand-side management team since 2013.

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

A: Yes, I provided written testimony before the MPSC and the Kansas Corporation Commission.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to respond to Amended Report and Order in File No. EO-2019-0132, where Evergy was required to offer a one-year Pay As You Save (PAYS®) pilot program to move forward with MEEIA Cycle 3. This testimony will outline the program details related to the PAYS® pilot ("Pilot") that Evergy intends to launch for its Missouri customers in September 2021.

Q: Can you please describe the outline of your testimony?

A: Yes, I will cover these four areas:

- The Pilot budget;
- Cost recovery of the Pilot;
- Proposed Earnings Opportunity for the Pilot;
- Response to the PAYS® Pilot program requirements outlined in File No. EO-2019-0132

Q: Does Evergy plan to administer the program or hire a third-party program administrator?

A: Through the RFP process, Evergy has selected EEtility to administer the program. EEtility has extensive experience in operating PAYS® programs across the U.S and is the only licensed program administrator of the PAYS® system.

Q: What is the proposed Pilot budget?

A: The proposed 12-month Pilot budget is approximately $10 million. The budget supports a target of $7 million in financing costs. Assuming an average project will cost $7,500, this budget would support just under 1,000 financed projects. Additionally, the budget consists of up to $1 million in program incentives, or an average rebate assumption of $510 per participant and the costs to perform direct install ("DI") of energy efficiency measures. The remaining budget components include $2 million for program start-up ($430,800); $1.3 million for program administration and delivery, $300,000 for education and marketing, and $75,000 for evaluation, measurement and verification ("EMV") by a third party.

Energy Efficient Investment (equipment/installation)	$7,005,000
Program Incentives (includes Energy Saving DI measures)	$1,004,840
Program Start Up	$ 434,800
Program Implementation	$1,352,885
Education & Marketing	$ 300,000
EMV	$ 75,372
Total	**$10,172,897**

Q: How did Evergy Missouri estimate the potential incentive costs under the Pilot?

A: Because each PAYS® proposal is unique to the customer, it is difficult to estimate the total amount of incentives (equipment rebates and DI measures) to be paid . However, Evergy developed a weighted average of the Residential Heating and Cooling rebates, Residential

Air Sealing and Insulation rebates and multiplied by the expected frequency based on EEtility's existing PAYS® programs. The result was an average of $510 in rebates per project. Also included the total incentive estimate is the cost of installation and equipment for the Energy Saving DI measures.

Q: What source of financing will Evergy use for the Pilot?

A: For the purpose of financing the $7 million for the Pilot, the Company will use debt from existing lines of credit.

Q: How will the Pilot costs be recovered from customers?

A: The Pilot program costs will be recovered from customers in in two ways. First, customers directly participating in the Pilot will pay a monthly service charge, as defined in the PAYS tariff. Second, a portion of the Pilot program costs will be recovered through the Company's Missouri Energy Efficiency Investment Act ("MEEIA") Demand Side Investment Mechanism ("DSIM") rider and through the Company's base retail rates. I further describe this below.

Q: What costs associated with the Pilot will be recovered in the monthly service charge from customers directly participating in the Pilot?

A: The service charge on participating customer bills will include their specific equipment and installation costs, less any rebates, and a close out fee of $490. Should the participant project cost be less than $2,000, the close out fee will be capped at 25% of the project cost. For example, a total project cost of $1,000 will have a $250 close out for a total participant repayment amount of $1,250. Participants will be charged a 3% interest rate for Evergy to recover a portion of the Company's weighted average cost of capital.

Q: What is included in the Participant close out fee?

A: The close out fee includes the Program Administrators fees for closing out the Participants project such as QC and satisfaction surveys, along with the generation of the Pearl home certification, Property Notice to the county assessor, and the measurement and verification of post installation savings.

Q: What costs associated with the Pilot will be recovered from the MEEIA DSIM rider?

A: Those costs recovered through the MEEIA DSIM rider include:

- Program overhead costs: These costs include overall program management, implementation, and the ongoing customer engagement of the program. Costs to include items such as program start up, implementation, education and marketing, incentives, EMV, and the difference of any closeout fee over 25% of total project cost.
- Throughput Disincentive: The lost revenue impact associated with kWh savings of the installed equipment.
- Earnings Opportunity: The earnings opportunity will include a performance metric of 5% of the financed amount and an earnings opportunity associated with the kWh/kW as provided by Evergy's Commission approved MEEIA Cycle 3 earnings opportunity matrix[1].
- Non-pay costs: These are costs from customers who have fallen into non-pay status prior to complete repayment of equipment costs. [2]

[1] MEEIA Cycle 3 File No. EO-2019-0132, Page.58

[2] While non-payment of the PAYS® charges is considered a program cost, those costs have not been directly estimated at this time.

- Full cost of capital on the regulatory asset: Once the equipment is purchased and installed on the customer's premise, the cost of the equipment will be recorded as a regulatory asset. The MEEIA DSIM rider will recover the temporary difference between the 3% equipment financing costs paid by the participant and our standard weighted average cost of capital rate of return, from the point of when the participant initiates the installation of the customer equipment until when program equipment costs are included in the Company's base rates. This amount will cease to be recovered through the MEEIA DSIM rider once the regulatory asset is included in base rates.

Q: How will a portion of the Pilot costs be collected in base rates?

A: After installation of customer equipment and financing arrangements have been made, the Company will record the equipment costs as a regulatory asset. At the time of the next subsequent Company rate case, the costs that have accumulated in the regulatory asset associated with the Pilot will be included in the Company's rate base and the regulatory asset will be amortized over the weighted average life of the financing loans associated with the Pilot equipment. This will allow for recovery of a return on and of the costs recorded in the regulatory asset.

Q: Will there be any other impacts to the revenue requirement in the Company's next rate case?

A: Yes. As described earlier, a customer financing loan arrangement will be established for each customer participating in the Pilot. This monthly service charge will be applied to the participating customer's electric bill. The revenue associated with these service charges will be included in total revenues calculated in the revenue requirement calculated in the rate case. The participant payments will serve as an offset to the total revenues required in the rate case.

Q: What is the proposed Earnings Opportunity for the Pilot?

A: Performance Metric: This metric will be based on 5% of the loan amount subscribed, with a maximum potential amount to equal $350,250 if $7 million is subscribed in the 12-month Pilot.

Energy and Demand Savings: The additional kWh and kW savings associated with this pilot will have an earnings opportunity rate aligned with the earnings opportunity matrix approved for MEEIA Cycle 3[3]. Each category will also have a cap on earnings opportunity for the pilot period. The targets for savings and dollars are listed in the table below.

Jurisdiction	Proposed Metric	Unit	$/unit	Pilot Savings Target	Pilot Cap
MO METRO	Energy MWh (excluding HER & Multi Fam – to add PAYS®): criteria will be annualization of each program years installations TBD by EMV	MWh	$8.31	3,003.4325	130%
MO METRO	MW (excluding HER, Bus DR, Bus Smart Tstats, & Res DR– to add PAYS®): criteria will be annualization of each program years installations TBD by EMV	MW	$114,741.01	0.9385	150%
MO WEST	Energy MWh (excluding HER & Multi Fam – to add PAYS®): criteria will be annualization of each program years installations TBD by EMV	MWh	$12.97	3,003.4325	130%
MO WEST	MW (excluding HER, Bus DR, Bus Smart Tstats, & Res DR– to add PAYS®): criteria will be annualization of each program years installations TBD by EMV	MW	$122,507.02	0.9385	150%

[3] MEEIA Cycle 3 File No. EO-2019-0132, Page 58

Q: Is the proposed Earnings Opportunity reasonable?

A: Yes. In the Order regarding Evergy MEEIA Cycle 3, the Commission reaffirmed the value of utility demand-side programs, and made it clear the purpose of MEEIA is to create incentives that help a utility value supply-side or demand-side investments equally in order to promote investments in demand side opportunities for customers. Additionally, the Commission Order outlined in section 2d that "the pilot program shall have an appropriate earnings opportunity component." The performance metric of 5% of amount financed aligns with the Earnings Opportunity Ameren filed for its PAYS® program that was approved by this Commission[4]. The energy and demand savings identified for this Pilot are not being accounted for in any other Cycle 3 program as the Pilot is a stand-alone program with its own savings.

Q: How is Evergy addressing each of the Pilot requirements outlined in File No EO-2019-0132[5]?

A: The below table describes how each item is addressed

Order Section	Description	Evergy Pilot
2a.	The budget for the pilot program shall be no less than 10 million dollars, and no more than 15 million dollars	The proposed budget is just over $10 million dollars.
2b.	Evergy Missouri Metro and Evergy Missouri West may administer the pilot program themselves or may employ a third-party operator with experience to operate the pilot program.	Evergy has employed EEtility as the Pilot program operator.
2c.	The pilot program shall identify a goal for the number of participants living in neighborhoods designated by the parties as predominately low or moderate-income customers or renters in multifamily housing with five or more units where the renter is responsible for paying their energy bills. The pilot program shall allow owners of multifamily units in participating buildings to use the program to install upgrades in common areas.	The pilot program has identified a goal of 30% of completed projects to be designated in areas as predominately low or moderate-income or renters in multifamily housing with five or more units where the renter is responsible for paying his or her energy bills.
2d.	The pilot program shall have an appropriate earnings opportunity component for the Companies to be agreed upon by the parties.	This testimony outlines the proposed earnings opportunity for the Pilot.

[4] Stipulation and Agreement File No. EO-2018-0211
[5] Amended Report and Order File No. EO-2019-0132

2e.	The pilot program shall include customer protections by capping administrative costs (including total advertising costs as allocated to the number of projects) for each individual customer project to a percentage of the total loan costs. Energy audit costs are a separate project Component and will not be included with administrative costs.	Administrative or "close out" costs charged to participants are capped at 25%.
2f.	Participants in the Pay As You Save program shall be responsible for the capital provided for the energy efficiency measures minus any rebate.	Evergy is delivering the program as required in the PAYS® program design, applying any existing eligible rebates as an offset.
2g.	Pay As You Save costs recovered through MEEIA from all ratepayers shall include: the rebate amount, administrative costs, the throughput disincentive, and an earnings opportunity	This testimony outlines the proposed costs to be recovered through the MEEIA DSIM rider, which aligns with this order specific direction.
2h.	Any savings (kWh or kW) determined through the evaluation of the Pay As You Save program shall not be double counted with savings from other MEEIA programs at the same customer's premise.	The PAYS® Pilot is being delivered as a stand-alone program, and savings identified will not be savings counted for any other MEEIA program.
2j.	Evergy Missouri and Evergy Missouri West shall submit progress reports both six months and one year after the Pay As You Save pilot program begins. The reports shall provide information based on benchmarks established by the parties to help identify the long-term feasibility and desirability of a Pay As You Save program, including participation rates.	The testimony below describes the proposed benchmarks to help identify the long-term feasibility and desirability of a PAYS® program.

Q: What does Evergy hope to learn by offering the Pilot?

A: The 2022 EMV of the Pilot will largely be focused on issues of process implementation, customer satisfaction, and participation. At a minimum, it will be important that evaluation of the Pilot help answer:

- Satisfaction of participating customers with the program
- Average amount financed per home
- Participation rates and barriers to participation
- Customer progression through the program tiers
- Participations rates in low to moderate income or multi-family properties
- Total incentive spend for the Pilot

- Statistics around the types of measures installed
- Potential for long term program cost effectiveness
- Impact to utility financials

Learnings from this data will provide Evergy and its stakeholders with the information necessary to modify the Pilot as needed and potentially scale after the pilot phase.

Q: Does Evergy have any insight into the cost effectiveness as proposed for this pilot and potential influences for evaluated results in the near and midterm?

A: Evergy along with our implementation contractor provided best estimates for participation and upgrade/measures types; we expect there will be variances in actual participation based on customer needs and qualifications. These deviations from our estimates could impact the cost effectiveness either positively or negatively. Also, there are a couple other factors that could have positive impacts on the program cost effectiveness over a longer-term horizon- such as having the opportunity to gain efficiencies of scale in Evergy deployment, as well as partnerships with other entities throughout the state of MO who might also be offering a PAYS® program. The pilot has initial start-up costs to set up the office, on-boarding personnel, and infrastructure to deliver the program that impacts a one-year program differently than a three-year program with more savings associated with the same start-up costs.

Q: Does Evergy Missouri plan to co-deliver or partner with the gas utility on the Pilot?

A: Evergy is aware of Spire's PAYS® program filing and has begun initial discussions with Spire's program management team to explore the possibility of a co-delivered program or partnership. At this time both utilities are still unclear on how that co-delivery or partnership would work and will update stakeholders of any programmatic changes if a solution is reached.

Q: Does this conclude your testimony?

A: Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	))))	File No. EO-2019-0132
In the Matter of KCP&L Greater Missouri Operations Company's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	))))	File No. EO-2019-0133

AFFIDAVIT OF BRIAN A. FILE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Brian A. File, being first duly sworn on his oath, states:

1. My name is Brian A. File I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. and serve as Director, Demand-Side Management for Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West").

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of eleven (11) 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.

Brian File

Brian A. File

Subscribed and sworn before me this 3rd day of June 2021.

Anthony R. Westenkirchner

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