Exhibit:	
Issues:	MEEIA 3 Prudence
Witness:	Brian A. File
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Evergy Missouri Metro and Evergy Missouri West
Case No.	EO-2021-0416 / 0417
Date Testimony Prepared:	February 14, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2021-0416 / 0417

REBUTTAL TESTIMONY

OF

BRIAN A. FILE

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

Kansas City, Missouri
February 2022

REBUTTAL TESTIMONY

OF

BRIAN A. FILE

Case No. EO-2021-0416 / 0417

Q: Please state your name and business address.

A: My name is Brian A. File. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: Are you the same Brian A. File who previously filed Direct testimony in these dockets?

A: Yes.

Q: Who are you testifying for?

A: I am testifying on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy MO Metro") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy MO West") (collectively, "Evergy" or "the Company").

Q: What is the purpose of your Rebuttal testimony?

A: The purpose of my testimony is to respond to two issues in this prudence review case. In Section I, I will respond to OPC witness Angela Schaben's direct testimony in this case. I will address the OPC specific recommendation related to the administrative costs of Evergy's MEEIA Cycle 3 program costs. In Section II, I will also address the PSC Staff's recommendations for expense disallowances.

I: RESPONSE TO ANGELA SCHABEN DIRECT TESTIMONY

Q: First, has OPC brought their specific recommendation regarding administrative costs before the Commission in prior Evergy MEEIA prudence review cases?

A: Yes, as Angela Schaben mentioned in her testimony, OPC's Geoff Marke recommended a disallowance based on the same premise in a MEEIA Cycle 2 prudence review.

Q: What is the current status of the MEEIA Cycle 2 prudence review mentioned and the specific issue raised by OPC?

A: The case has not concluded. Much of my rebuttal response will be an update of the primary reasons from the prior case that 1) explain the falsehoods of OPC's analysis and 2) rebut their conclusion that Evergy acted imprudently.

Q: Explain broadly why OPC's analysis does not show imprudence by Evergy in the management of its MEEIA programs.

A: OPC's "administrative costs" analysis is not appropriate to draw any conclusion with regard to Evergy's prudence of MEEIA program operations. OPC's analysis reflects: (1) an inconsistent categorization of "incentive" and "non-incentive" costs between Evergy, OPC and Staff that has led to erroneous and unfounded conclusions of Evergy's management of its programs, (2) OPC's methodology unjustifiably assumes that "incentive-costs" are directly linked to savings or cost effectiveness of programs.

Q. How does Evergy's definition of "incentive" differ from Staff and OPC's?

A. Several terms are used interchangeably in this prudence case that are not apples to apples. Parties refer to "incentives" and "rebates" as the same and conversely, the terms "non-incentives" and "administrative" costs are used interchangeably. Neither set of terms are apples to apples when one understands Evergy's cost categories and these terms should not be used interchangeably in either case.

Evergy's current cost categories include "customer rebates", "program delivery", "administration", "marketing" and "evaluation". Evergy's "customer rebates" includes ***direct cash incentive payments only*** to its customers. Evergy has consistently used this definition since inception of its MEEIA programs. Evergy then builds on the definition of ***incentives*** in its tariff[1] where, " "*Incentive" means any consideration provided by the Company, including buy downs, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of program measures*." As defined in its tariff, Evergy's definition of "incentive" includes many more costs than simply direct customer (cash) rebates. Indirect incentives would include free thermostats, free education kits, direct install costs for thermostats, and marketing and education among others, for example. OPC adopts Staff's definition of incentives as "Incentives are program costs for direct ***and indirect*** incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures that are provided at no cost as part of a program."[2] [emphasis added] OPC fails to consider the indirect incentive payments that Evergy would include if it had a broader category of incentives to account for direct rebates and indirect incentives. OPC cannot rely upon the definition of incentive as defined in its testimony without first considering Evergy's indirect incentives. If Evergy's direct incentives (customer rebates cost category) and indirect incentives (accounted for within its program delivery and marketing cost

[1] Evergy Missouri Metro Original Sheet No. 49R.
[2] Direct Testimony of Angela Schaben, File Nos. EO-2021-0416M 0417, Page 1, Lines 16-19.

categories) were categorized to meet Staff and OPC's definition, Evergy would have a greater percent of incentives versus administrative costs – and the result would be different.

Q: Do you have a value for the results if Evergy were to include both direct and indirect incentives in the analysis?

A: Yes, by taking the relevant costs for programs (Residential Thermostat, Business Thermostat and Income-Eligible Multi-family) that include significant indirect incentives for customers as described above and adding that to the education and marketing costs for all programs, the total % spend on incentives is 55% for MO West and 64% for MO Metro. More detail on this adjusted calculation can be found in my workpapers.

Q: You've addressed the mismatching of incentives and what impact that might have on the analysis. What about the trends that OPC has reported on from Cycle 2 to Cycle 3?

A: It's important to note that from MEEIA Cycle to MEEIA Cycle programs change and offers change. Also as a new Cycle starts (as with PY1 of MEEIA 3 and the subject of this review), there are generally more "change over or start-up" costs in the first year than there are in the final year of a Cycle (e.g., more market education in general and operations infrastructure to start). Also, just as we began Cycle 3 (2020) the pandemic set in. In response the Company made more efforts to provide indirect support for small business and income-eligible customers by providing more education, online tools and hands-on service to support their participation in lowering their bills through energy efficiency. Those efforts generally impact the amount of costs that show up in program delivery or indirect incentive versus customer rebate.

Q: Is it appropriate to compare "incentive costs" and "non-incentive costs" between utilities?

A: It depends. While it might seem appropriate to benchmark these costs with other utilities, if the utilities categorize their incentive and non-incentive costs differently, then it is not appropriate, as I address above. Many times, benchmarking cannot be taken at face value unless a deeper understanding is pursued. Similarly, OPC's analysis is not an "apples to apples" comparison because of this. Even though OPC refers to Staff's definition of incentive in their prudence report[3], the key is to break down the components of the definition. Specifically, the definition referenced notes a direct and indirect incentive payments. And as noted in the foundational document describing energy efficiency benefit/cost tests, the California Standard Practice Manual, describes the following about incentives…

> Some difference of opinion exists as to what should be called an incentive. The term can be interpreted broadly to include almost anything. Direct rebates, interest payment subsidies, and even energy audits can be called incentives. Operationally, it is necessary to restrict the term to include only dollar benefits such as rebates or rate incentives (monthly bill credits). Information and services such as audits are not considered incentives for the purposes of these tests. If the incentive is to offset a specific participant cost, as in a rebate-type incentive, the full customer cost (before the rebate must be included in the PC_t term[4]

Evergy applies a conservative view for MEEIA programs in calling an incentive, a direct dollar benefit in terms of rebates or rate incentives. This leaves out a significant number of dollars that are expended in other parts of benefits or indirect incentives. For

[3] Direct Testimony of Angela Schaben, File Nos. EO-2021-0416M 0417, Page 1, Lines 1-19.
[4] California Standard Practice Manual - Economic Analysis of Demand-Side Programs and Projects; October 2001 – pg 11 Footnote 3 (https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Utilities_and_Industries/Energy_-_Electricity_and_Natural_Gas/CPUC_STANDARD_PRACTICE_MANUAL.pdf)

example, for some of Evergy's programs (programmable thermostat and income eligible multi-family) that OPC has taken specific issue with, Evergy calls the majority of the customer benefit (or indirect incentive) a "delivery" cost as it relates to the California Standard Practice Manual benefit cost tests and reported to Energy Information Administration ("EIA") for the analysis used in this case.

Q: What is a more appropriate ratio to analyze the overall cost-effectiveness of different utilities' energy efficiency programs?

A: First, as required by the MEEIA rules, there is already a rigorous process of evaluating the cost effectiveness of MEEIA programs against evaluated net savings in the five standard CA standard practice manual tests. OPC has not taken issue with Evergy's results as it relates to those tests. But if we wanted to dig even further, I would suggest a more appropriate ratio is total dollars per kilowatt hour or dollars per kilowatt saved for utilities of similar size (and administering similar programs). Using this methodology, Evergy is on par with its peer utilities. This ratio of $/kWh or $/kW shows that for every dollar the Evergy spends on its MEEIA programs, it is obtaining near or better than average kW or kWh savings as compared to other utilities with similar programs. Accordingly, if EIA-861 DSM program data is utilized, one would arrive at the conclusion using the $/kWh or $/kW ratio that Evergy was managing the programs efficiently. If one were to use a comparable set of utility DSM programs (spend between $1 million and $40 million per year), for 2020 MO West and MO Metro rank 32nd and 37th, respectively, out of 149 utilities in $/kWh. Similarly for 2019 as provided in previous testimony[5], MO Metro and MO West rank 32nd and 44th, respectively, out of 159 utilities in $/kWh. This places Evergy at or

[5] Brian File Sur-Surrebuttal Testimony, Case No. EO-2020-0227 / 0228, October 21, 2020.

near the top quartile in dollars spent per kWh saved. This means that at or near 75% of the other utilities operate their programs more expensively than Evergy for every dollar spent to achieve energy reduction. Table 1, Table 2, Table 3, and Table 4 below, using EIA-861 2020 and 2019 data, clearly demonstrate that on a total spend basis per MWh and/or per MW, that Evergy's costs are equivalent and more often are lower as compared to neighboring utilities and compared to an average of all US utilities reporting energy efficiency (EE) costs and energy savings.

Table 1
EIA-861 2020 EE MWh Cost Comparisons

	Total Costs / per MWh	Incentive Costs / per MWh	Other Costs / per MWh
EIA-861 Average	**$ 0.180**	**$ 0.106**	**$ 0.075**
Ameren IL	**$ 0.266**	**$ 0.149**	**$ 0.117**
Ameren MO	**$ 0.171**	**$ 0.098**	**$ 0.073**
Liberty Utilities	**$ 0.120**	**$ 0.110**	**$ 0.010**
Evergy Metro	**$ 0.147**	**$ 0.067**	**$ 0.079**
Missouri West	**$ 0.138**	**$ 0.062**	**$ 0.076**

Table 2
EIA-861 2020 EE MW Cost Comparisons

	Total Costs / per MW	Incentive Costs / per MW	Other Costs / per MW
EIA-861 Average	**$ 764.36**	**$ 447.79**	**$ 316.57**
Ameren IL	**$ 1,785.70**	**$ 999.85**	**$ 785.86**
Ameren MO	**$ 583.27**	**$ 335.28**	**$ 247.99**
Liberty Utilities	**$ 1,028.99**	**$ 943.48**	**$ 85.51**
Evergy Metro	**$ 689.19**	**$ 316.27**	**$ 372.92**
Missouri West	**$ 676.03**	**$ 302.02**	**$ 374.01**

Table 3
EIA-861 2019 EE MWh Cost Comparisons

	Total Costs / per MWh		Incentive Costs / per MWh		Other Costs / per MWh	
EIA-861 Average	**$**	**0.21**	**$**	**0.13**	**$**	**0.08**
Ameren MO	**$**	**0.17**	**$**	**0.10**	**$**	**0.07**
Ameren IL	**$**	**0.29**	**$**	**0.18**	**$**	**0.11**
Liberty Utilities	**$**	**0.17**	**$**	**0.15**	**$**	**0.02**
Evergy Metro	**$**	**0.14**	**$**	**0.07**	**$**	**0.07**
Missouri West	**$**	**0.12**	**$**	**0.05**	**$**	**0.07**

Table 4
EIA-861 2019 EE MW Cost Comparisons

	Total Costs / per MW		Incentive Costs / per MW		Other Costs / per MW	
EIA-861 Average	**$**	**833.30**	**$**	**512.62**	**$**	**320.68**
Ameren MO	**$**	**607.29**	**$**	**367.24**	**$**	**240.05**
Ameren IL	**$**	**1,798.57**	**$**	**1,137.92**	**$**	**660.65**
Liberty Utilities	**$**	**1,224.00**	**$**	**1,108.00**	**$**	**116.00**
Evergy Metro	**$**	**688.63**	**$**	**332.63**	**$**	**356.01**
Missouri West	**$**	**668.69**	**$**	**288.09**	**$**	**380.60**

Q: Can you verify what costs were included in the incentive versus other cost categories in EA-861 for each utility above?

A: I can only verify what is shown for Evergy Metro and Missouri West. The incentive costs in EA-861 for these Evergy jurisdictions are representative of the customer rebate category, which is direct cash incentives only. It does not include indirect incentives. Therefore, in this comparison, I focus on total costs only.

Q: Does the size of a utility impact the comparative analysis of dollars per kWh / kW savings for different utilities?

A: Yes. Like virtually all utility economics, scale matters. The larger the utility the more "non-incentive" costs are spread out over a greater number of customers. For instance, the EIA-861 data described above has a range of utility program size from $11,000 per year to $363 Million per year. Clearly the fixed administrative costs could be spread quite a bit differently across programs of those sizes. It is inappropriate to compare the administrative costs per total program spend for utilities of significantly different sizes. The comparison set used in the figures quoted in the previous question narrowed the comparison utilities to those spending in the range to $1 Million to $40 Million per year to give similar scale to each Evergy jurisdiction that spent $10 Million to $12 Million per year.

Q: Are there any other comparisons that might be relevant here?

A: Yes. In looking at the more appropriate ratios for utilities running MEEIA in Missouri, Table 5 below demonstrates that for PY 2020 Evergy Metro's and Missouri West's Total Resource Cost ("TRC") test total portfolio program costs were lower than that of Ameren Missouri. The costs used to calculate these figures are the program costs used by Ameren's and Evergy's EM&V contractors to calculate TRC cost effectiveness ratios. For comparison, the TRC program costs here will always be higher than the EIA-861 total program costs discussed before primarily because total resource costs include the incremental cost of the measure/project to be included.

Table 5

PY 2020 DSM Portfolio Cost Comparisons

	TRC Program Costs $ / kW	TRC Program Costs $ / kWh
Ameren PY 2020	**$ 610.22**	**$ 0.336**
Evergy Metro PY 2020	**$ 566.66**	**$ 0.347**
Missouri West PY 2020	**$ 313.22**	**$ 0.267**

Similarly, to again demonstrate that PY2020 was not an anomaly, Table 6 below indicates that for PY2019, per the respective EM&V reports, that Evergy's TRC total portfolio program costs were lower than that of Ameren Missouri on a per kW basis and on a per kWh basis.

Table 6

PY 2019 DSM Portfolio Cost Comparisons

	TRC Program Costs $/per kW	TRC Program Costs $/per kWh
Ameren PY 2019	**$ 537.84**	**$ 0.327**
Evergy Metro PY 2019	**$ 470.88**	**$ 0.293**
Missouri West PY 2019	**$ 349.05**	**$ 0.273**

Q: Even comparing utility companies of similar size that use similar cost descriptions are there other problems with such a comparison?

A: Yes. Such an analysis would need to be conducted on a per device basis. Take for example, two utilities with HVAC rebate programs: If one utility gives a rebate of $500 and the other utility gives a rebate of $1000 for the same device, under OPC's analysis the utility that gave the $1000 rebate would be better according to OPC's ratio. This is because the "incentive" part of the equation would increase in relative size to the "non-incentive" portion. OPC's ratio methodology could easily incentivize inefficient management of incentives. As described above, a much better evaluation is the total dollars spent per kWh saved to measure effectiveness of a program relative to peers with similar measures/programs.

Q: Are Evergy's MEEIA budgets approved by the Commission?

A: Yes. OPC does not allege that Evergy violated or disregarded its Commission approved MEEIA budgets.

Q: Are there any alternative options the Company could utilize to help address OPC's concern?

A: Yes, there are a couple potential ways to help address this topic. First, the Company could either re-visit how it categorizes costs associated with customer incentives or could possibly report on a combined direct and indirect incentives category to align with Staff's definition. While the Company has taken one approach through all MEEIA cycles to this point, if the Commission feels it appropriate to align with stakeholder and possibly other utility approaches, the Company would be willing to discuss alternative categories with stakeholders. Secondly, the Company currently has a docket open for a 1 year extension of its MEEIA 3 program offerings. Inside that docket there is opportunity for the Company to work with stakeholders to identify ways to set budgets with different categorization and with incentive levels more in line with expectations. Lastly, as the Company embarks on its next DSM potential study, the categorization, evaluation and optimization of incentive costs can be discussed further to help better inform MEEIA Cycle 4 planning.

II. ADMINISTRATIVE EXPENSE DISALLOWANCE

Q: Staff proposes to disallow administrative expenses (before interest) of $50,822.83 for Evergy Missouri Metro and $22,783.15 for Evergy Missouri West. What is Evergy's response to Staff's proposed disallowances?

A: These expense disallowances can be broken down into different categories and Evergy will respond to each of these categories.

- Industry conferences that Staff doesn't believe are related to MEEIA programs or conferences for which the Company has not provided sufficient invoice detail;
- Industry memberships and sponsorships that Staff believes are not related to MEEIA programs; and
- Other expenses that Staff believes are not related to MEEIA programs.
- Implementation contractor expenses that Staff believes are not appropriate to be recovered in the DSIM.

Q: What is Evergy's response to the conference expenses that are proposed to be disallowed by Staff?

A: The Staff identified one conference expense split between the two jurisdictions that was recommended to be disallowed. The Company agrees this conference/training was for employee training that should be categorized as a non-MEEIA expense. A high-level summary of events attended is in the below Tables 7 & 8. A detailed breakout of these costs is provided Company workpapers.

Table 7
MO Metro Expense Disallowance Position

Category	Staff Recommended Disallowance	Company Position	Company Response Supporting Info
Conferences and Meetings	$ 647.50	$ 647.50	Utility general training - recategorize out of MEEIA
Memberships/Sponsorships/Dues	$ 34,444.20	$ -	Esource (mislabeled as EEIA), PLMA, MEEA, USGBC, PLMA all relevant to deploying MEEIA programs
Other Expenses	$ 1,716.10	$ 75.12	Most business expenses w/ expection of employee and KEEIA expense taken out of MEEIA
Implementation Contractor Expenses	$ 14,015.03	$ 74.72	Support of implementation contractors (shirts) and contractor recognition events w/ exception of headset for employee to be taken out
Total (before interest)	$ 50,822.83	$ 797.34	

Table 8
MO West Expense Disallowance Position

Category	Staff Recommended Disallowance	Company Position	Company Response Supporting Info
Conferences and Meetings	$ 647.50	$ 647.50	Utility general training - recategorize
Memberships/Sponsorships/Dues	$ 11,572.50	$ 300.00	All organizations relevant to deploying MEEIA programs (PLMA, USGBC, AEE, MEEA) w/ exception of Employee specific certification - recategorize
Other Expenses	$ 168.49	$ -	Meals tied to MEEIA related travel or business activity
Implementation Contractor Expenses	$ 10,394.66	$ -	Support of implementation contractors (shirts) and contractor recognition events
Total (before interest)	$ 22,783.15	$ 947.50	

Q: What is Evergy's response to the membership and sponsorships expenses that are proposed to be disallowed by Staff?

A: Most of the expenses in the membership and sponsorships are directly related to activity to bring benefit to the MEEIA programs either through program awareness, best practice gathering or industry relationship building. A high-level summary of the memberships and organizations involved in is in Tables 7 & 8. One exception is the individual employee certification in an industry association for a value of $300.00 in Evergy MO West that is the total value of the Company's position on the adjustment for this category. A detailed breakout of these costs is provided Company workpapers.

Q: What is Evergy's response to the other MEEIA expenses that are proposed to be disallowed by Staff?

A: Most of these other expenses either had a description for inclusion which is now included where applicable and/or a valid reason for inclusion in the MEEIA DSIM. A high-level summary of the descriptions and reasons is in Tables 7 & 8. Exceptions are new employee lunch and KS related expenses that result in an adjustment of $75.12 in Evergy MO Metro for this category. A detailed breakout of these costs is provided Company workpapers.

Q: What is Evergy's response to the implementation contractor expenses that are proposed to be disallowed by Staff?

A: The Company hires implementation contractors (e.g. ICF and others) to support the work related to delivering energy efficiency programs and creating a network of supporting trade allies as well as participating customers. As a part of the course of business within the MEEIA efforts, the Company funds materials for implementation contractors to where Evergy labeled shirts and clothing to be identified as an extension of the utility in creating trust to deliver the customer facing programs. Additionally, the implementation contractors also create activities to show appreciation for the trade allies by rewarding top performers in driving energy efficiency program participation. The activities the Staff disallowed were related to those activities. The Company disagrees with their interpretation as these were directly related to support and effectiveness of MEEIA programs during Cycle 3. One exception is an employee headset that results in an adjustment of $74.72 in Evergy MO Metro for this category. A detailed breakout of these costs is provided Company workpapers.

Q: Does this conclude your direct testimony?

A: Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the First Prudence Review of the Missouri Energy Efficiency Investment Act (MEEIA) Cycle 3 Energy Efficiency Programs and Cycle 2 Long-Lead Projects of Evergy Missouri West, Inc. d/b/a Evergy Missouri West.	)	Case No. EO-2021-0416
In the Matter of the First Prudence Review of the Missouri Energy Efficiency Investment Act (MEEIA) Cycle 3 Energy Efficiency Programs and Cycle 2 Long-Lead Projects of Evergy Metro, Inc. d/b/a Evergy Missouri Metro.	)	Case No. EO-2021-0417

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.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of fifteen (15) 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 14th day of February 2022.

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