

OF THE STATE OF KANSAS

Docket No. 25-EKCE-294-RTS

Brian C. Andrews

**Associated Purchasing Services,
Cargill, Incorporated,
Goodyear Tire & Rubber Company,
Kansas Agribusiness Retailers Association,
Kansas Biofuels Association,
Kansas Grain and Feed Association,
Lawrence Paper Company,
Occidental Chemical Corporation,
and Spirit AeroSystems, Inc.**

CVR Refining CVL, LLC

BRUBAKER & ASSOCIATES, INC.

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

**In the Matter of the Application of Evergy
Kansas Central, Inc. and Evergy Kansas
South, Inc. for Approval to Make Certain
Changes in their Charges for Electric
Service.**

Docket No. 25-EKCE-294-RTS

STATE OF MISSOURI)

) SS

COUNTY OF ST. LOUIS)


Affidavit of Brian C. Andrews

Brian C. Andrews, being first duly sworn, on his oath states:

1. My name is Brian C. Andrews. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Associated Purchasing Services, Cargill, Incorporated, Goodyear Tire & Rubber Company, Kansas Agribusiness Retailers Association, Kansas Biofuels Association, Kansas Grain and Feed Association, Lawrence Paper Company, Occidental Chemical Corporation, and Spirit AeroSystems, Inc., & CVR Refining CVL, LLC.

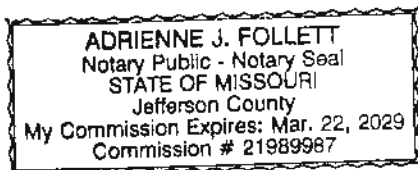
2. Attached hereto and made a part hereof for all purposes are my cross-answering testimony and exhibit which were prepared in written form for introduction into evidence in the Kansas State Corporation Commission Docket No. 25-EKCE-294-RTS.

3. I hereby swear and affirm that the testimony and exhibit are true and correct and that they show the matters and things that they purport to show.



Brian C. Andrews

Subscribed and sworn to before me this 20th day of June, 2025.





Notary Public

Docket No. 25-EKCE-294-RTS

Page

BRUBAKER & ASSOCIATES, INC.

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Cross-Answering Testimony of Brian C. Andrews

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1 Kansas Central" or "EKC") and Evergy Kansas Metro Inc. ("EKM"). The companies
2 collectively will be referred to as "Evergy" or "Company".

3 **Q WHAT IS THE PURPOSE OF YOUR CROSS-ANSWERING TESTIMONY?**

4 A I will address three parties' proposed class cost of service and class revenue spread
5 recommendations. First, my cross-answering testimony will respond to the Kansas
6 Corporation Commission ("KCC" or "Commission") Staff's ("Staff") proposed Class
7 Cost of Service Study ("CCOSS") and recommended class revenue allocation,
8 supported in the Direct Testimony of Ms. Kristina Luke Fry, and Dr. Lana J. Ellis,
9 respectively, witnesses for Staff. Staff's revenue allocation as recommended by
10 Dr. Ellis does not align with Ms. Fry's CCOSS. Ms. Fry's CCOSS fails to accurately
11 allocate Evergy's cost of service across its rate classes. Staff's recommended revenue
12 allocation is flawed and does not follow the results of Staff's CCOSS.

13 Second, I address The Citizens' Utility Ratepayer Board ("CURB") witness
14 Mr. Glen Watkins' testimony with respect to the Base, Intermediate, Peak ("BIP"), Peak
15 and Average ("P&A"), and 12 Coincident Peak ("12CP") CCOSS methodologies
16 described in his Direct Testimony and his recommendation to rely upon these flawed
17 CCOSS results to determine an appropriate class revenue allocation in this proceeding.

18 Finally, I will respond to HF Sinclair's witness Mr. Justin Bieber's CCOSS
19 recommendations.

20 My silence with respect to any position taken by Evergy or any other party in
21 this application or testimonies in this proceeding should not be interpreted as an
22 endorsement of that position.

1 **Q ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR**
2 **CROSS-ANSWERING TESTIMONY?**

3 A Yes. I provide my Exhibit BCA-CA-1 which is Evergy's Response to BAI's Data
4 Request 2-4.

5 **Q PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.**

6 A My conclusions and recommendations are as follows:

7 1. Staff witness Ms. Fry's CCOSS does not accurately allocate costs between rate
8 classes for the following reasons:

9 a. She proposes a P&A methodology which does not accurately reflect
10 cost-causation or accurately allocate costs across rate classes.

11 b. Ms. Fry does not properly allocate distribution costs across rate classes
12 because she does not recognize the dual demand and customer classification
13 aspects of distribution cost incurrence.

14 2. Staff's revenue spread, as supported by Dr. Ellis is not based on the results of
15 Ms. Fry's P&A CCOSS. Staff's revenue apportionment does not make a
16 meaningful movement toward an accurate measure of cost of service. Staff's
17 CCOSS shows that the Residential class does not provide enough revenue to cover
18 the costs incurred to serve them, yet she recommends the Residential classes
19 receive an increase just lower than the system average increase. Staff's class
20 revenue allocation proposal must be rejected.

21 3. CURB witness Mr. Glen Watkins describes the P&A, BIP, and 12CP CCOSS
22 methodologies in his Direct Testimony, but does not recommend a singular method.
23 Mr. Watkins recommends a revenue allocation that gives consideration to all three
24 of these methods and arrives at a revenue allocation similar to what Evergy
25 proposed. There are shortcomings to each of Mr. Watkins' proposed CCOSS
26 methods which will be addressed in this testimony. These CCOSS methods and
27 Mr. Watkins' resulting revenue apportionment should be rejected by the
28 Commission.

29 4. HF Sinclair witness Mr. Bieber recommends parsing out the three special service
30 contract customers into unique classes in the CCOSS. This proposal should not
31 be implemented in this case, as the allocators used for each individual customer
32 are not accurate. Further, no adjustment has been made for the interruptible load
33 of the special contract customers.

II. RESPONSE TO STAFF
WITNESS KRISTINA A. LUKE FRY

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3 **Q PLEASE DESCRIBE THE MAJOR DIFFERENCES BETWEEN STAFF'S CCROSS**
4 **AND EVERGY'S CCROSS.**

5 A The major differences between Evergy's CCROSS and Staff's CCROSS exist within the
6 allocation of production plant and the classification and allocation of distribution plant.

7 For production capacity costs, the Company uses a Four Coincident Peak
8 ("4CP") Average and Excess Demand ("AED") methodology. This method largely
9 allocates production capacity costs on the basis of contribution to Evergy's system
10 peak demands. In contrast, Staff relies on a P&A methodology for allocating these
11 production capacity costs. The P&A methodology allocates production capacity costs
12 on the basis of demand and energy use across the rate classes. The P&A methodology
13 places an unjustified weight on energy consumption compared to demand in the
14 allocation of capacity costs.

15 The Company allocates distribution costs by classifying it to both demand and
16 customer classifications. In contrast, Staff allocates the majority of distribution cost
17 predominantly by demand.

18 **Q DO YOU BELIEVE STAFF'S COSS ACCURATELY ALLOCATES EVERGY'S COST**
19 **OF SERVICE ACROSS ITS RATE CLASSES?**

20 A No. Staff's reliance on the P&A methodology allocates too much production capacity
21 costs on the basis of energy. This is inconsistent with the cost-causation nature of
22 production capacity and does not accurately allocate the Company's production
23 capacity costs across rate classes.

24 Staff also failed to recognize that distribution costs are designed not only to
25 meet the demands of customers that take service at primary and secondary delivery

1 voltage, but also to have adequate length of conductors and numbers of transformers
2 in order to connect all the customers to the system. As a result, the Company's use of
3 a minimum distribution system to classify part of the distribution costs as
4 customer-related is a more accurate means of allocating Evergy's distribution cost
5 across rate classes.

6 **Q CAN YOU GENERALLY SUMMARIZE THE FLAWS IN ALLOCATING**
7 **PRODUCTION CAPACITY COST USING P&A ALLOCATORS?**

8 A Yes. Those flaws are summarized as follows:

- 9 1. The P&A allocator does not allocate production capacity costs, or production cost
10 in total, consistent with how utility resource planning is done, or stated differently,
11 how production costs are incurred in order to serve customers' loads.
- 12 2. The P&A allocator is predominately an energy-based allocator of production
13 demand costs. This allocation does not accurately reflect the need to design the
14 system for both capacity and energy costs and does not allocate production costs
15 in a balanced manner across rate classes.

16 **Q PLEASE DESCRIBE WHY STAFF'S PROPOSED P&A METHOD DOES NOT**
17 **ALLOCATE PRODUCTION CAPACITY COSTS ACROSS RATE CLASSES**
18 **CONSISTENT WITH COST-CAUSATION.**

19 A Utilities plan for production capacity by selecting resources that will minimize the cost
20 of providing production service while meeting the utility's customers' demands
21 (capacity and energy). Utility planners consider the lowest-cost resource option that
22 allows the utility to meet its customers' peak and energy demands. Utility planners
23 usually are confronted with the option of choosing between a high-capacity cost
24 resource (baseload) that produces energy at a low price, or a low capacity cost
25 resource (intermediate or peaking) that produces energy at a high cost.

1 If a resource is expected to operate at a high-load factor, a high-capacity
2 resource with low energy cost is more economical than other resources. However, if
3 the capacity resource is not expected to operate at a high-load factor, then a low capital
4 cost resource with higher energy cost may be a more cost-effective resource option.
5 The system planning nature of production cost recognizes that there is a symmetrical
6 and balanced relationship between the cost of production capacity and the relative cost
7 of production energy.

8 The P&A method produces an asymmetrical allocation of production capacity
9 costs, which does not properly balance the Staff's uniform per unit cost (\$/kWh)
10 allocation of production energy costs. Staff's production cost allocation method would
11 result in the higher load factor classes paying above-system average production
12 capacity cost without the benefit of below-system average production energy costs.
13 Conversely, lower-load factor customers would benefit by receiving a below-system
14 average capacity cost without the cost of an above-average energy charge.

15 The Company's proposed 4CP AED CCROSS produces a more symmetrical and
16 balanced allocation of production capacity costs and energy costs across rate classes.

17 **Q PLEASE EXPLAIN WHY THE P&A PRODUCTION ALLOCATION ALLOCATES**
18 **PRODUCTION COST PRIMARILY ON ENERGY.**

19 **A**The P&A methodology advocated by Staff in this case does not properly develop
20 allocations based on class capacity and energy usage. The P&A methodology distorts
21 capacity and energy usage characteristics because it double counts base usage
22 (average demand or energy) in the P&A method by including it in both the peak demand
23 portion of the allocator and the average demand portion of the allocator. In other
24 jurisdictions, commissions avoid this double-counting by using an AED allocation

1 method which separates average demand from excess demand components in
2 developing a capacity allocator.

3 Allocating purely on energy over-allocates production capacity costs to
4 high-load factor customers and to rate classes that use more energy during the off-peak
5 periods than they do in the on-peak period. Therefore, Staff's proposed P&A
6 methodology, which does not symmetrically allocate production capacity and energy
7 costs, does not produce an accurate or fair allocation of production cost across rate
8 classes.

9 **Q HAVE OTHER COMMISSIONS RULED ON THE USE OF THE P&A APPROACH OR**
10 **OTHER SIMILAR ENERGY BASED APPROACHES IN THE ALLOCATION OF**
11 **FIXED PRODUCTION PLANT COSTS?**

12 A Yes. For example, in a May 28, 2010 Final Order in Docket No. ER-2010-0036, the
13 Public Service Commission of the State of Missouri ("Missouri Commission") found the
14 P&A method to be "unreliable." Specifically, the Missouri Commission stated that:

15 "The Peak and Average method, in contrast, initially allocates average
16 costs to each class, but then, instead of allocating just the excess of the
17 peak usage period to the various classes to the cost causing classes,
18 the method reallocates the entire peak usage to the classes that
19 contribute to the peak. Thus, the classes that contribute a large amount
20 to the average usage of the system but add little to the peak, have their
21 average usage allocated to them a second time. Thus, the Peak and
22 Average method double counts the average system usage, and for that
23 reason is unreliable." (Public Service Commission of the State of
24 Missouri, Docket No. ER-2010-0036, May 28, 2010 Report and Order,
25 page 85).

26 As another example, the State of Iowa Department of Commerce Utilities Board
27 ("Iowa Board") found that the Average & Peak Demand ("APD") approach, which is
28 another name for P&A, produces a non-symmetrical allocation of capacity and energy
29 costs. Specifically, the Iowa Board stated that:

1 "...the APD method uses average demand twice, first in the allocation
2 of average system demand, and again in the allocation of excess
3 system peak demand, which effectively incorporates a double-counting
4 of class energy usage in the allocation of capacity costs. In the context
5 of class A&E demands, this results in higher capacity costs being
6 allocated to high load factor customers on a per-kW basis. According
7 to Consumer Advocate, this treatment is intended to allocate more of
8 the higher capacity costs of base load generating units based on the
9 sustained energy usage of high load factor customers. However, since
10 the tradeoff of higher base load capacity costs is lower fuel costs, and
11 since energy costs are allocated on an average per-kWh basis, the APD
12 method would produce a non-symmetrical allocation of capacity and
13 energy costs." (State of Iowa Department of Commerce Utilities Board,
14 Docket No. RPU-2010-0001, January 10, 2011 Final Decision and
15 Order, page 113-114).

16 **Q HAVE OTHER REGULATORY COMMISSIONS REJECTED THE P&A METHOD**
17 **ADVOCATED BY STAFF IN THIS PROCEEDING?**

18 A Yes. The Kansas State Corporation Commission rejected the P&A method in a Kansas
19 City Power and Light Company case (Docket No. 10-KCPE-415-RTS). However, the
20 P&A method was also rejected by the Missouri Commission and the Iowa Board. The
21 Iowa Board rejected the P&A method because it double-counts Base energy (in both
22 the energy and peak demand factors) and the Peak demand component does not
23 properly allocate production resources based on their capacity costs and energy costs.
24 (Interstate Power and Light Company, Iowa Department of Commerce Utilities Board
25 Docket No. 2010-0001 at pages 110113).

26 **Q HOW DOES MS. FRY'S CCROSS DIFFER FROM THE COMPANY'S STUDY WITH**
27 **RESPECT TO THE CLASSIFICATION OF DISTRIBUTION COSTS?**

28 A The Company recognized a minimum distribution system component of distribution
29 costs and classified a portion of all poles, towers and fixtures, overhead conductors,
30 underground conductors and line transformers as customer-related. Ms. Fry's

1 proposed CCOSS does not utilize the minimum distribution system approach and
2 instead classifies the majority of all distribution costs as demand-related.

3 **Q WHY IS IT APPROPRIATE TO CLASSIFY A PORTION OF DISTRIBUTION COSTS**
4 **AS CUSTOMER-RELATED?**

5 A Classifying a component of distribution costs as customer-related recognizes that there
6 is a utility cost simply to connect each customer to the grid, regardless of demand. This
7 classification is common and widely accepted in the industry and one that is strongly
8 supported by the National Association of Regulatory Utility Commissioners' ("NARUC")
9 Electric Cost Allocation Manual ("NARUC Manual"). Chapter 6 of the NARUC Manual
10 discusses the classification and allocation of distribution costs. In this chapter, the
11 NARUC Manual describes methods for classifying distribution costs in Accounts 364
12 through 368 and classification methods containing both customer and demand
13 components. None are shown as demand only. Multiple methods for determining the
14 demand and energy classification are discussed, such as "Minimum Size Method" and
15 "Zero Intercept Method," yet none yield results of zero cost being classified as
16 customer-related for these accounts.

17 In addition to the wide acceptance in the industry and inclusion in the NARUC
18 Manual, it requires little more than common sense to understand that some portion of
19 the installation of poles, conductors, underground conduit and conductors, and line
20 transformers are undertaken simply to connect customers to the grid, even though their
21 demands may be very small, well below the capacity of the minimum sized facilities
22 needed to serve them. The aggregate demand level of customers certainly affects the
23 sizing of these distribution facilities (over and above the minimum levels), but that does

1 not in any way nullify the fact that a portion of the investment is in the minimum system
2 and caused by the existence of the customers.

3 Staff's CCOSS ignores this reality, and therefore, departs from cost-causation.

4 **Q HOW SHOULD DISTRIBUTION COSTS BE CLASSIFIED IN THIS PROCEEDING?**

5 A Consistent with Evergy's Direct Testimony, a portion of distribution costs should be
6 classified as customer-related based on the minimum distribution system concept. The
7 remaining distribution costs should be classified as demand-related. This is consistent
8 with cost-causation principles.

9 **Q DO YOU HAVE ANY OTHER CONCERNS ABOUT STAFF'S DISTRIBUTION**
10 **ALLOCATION?**

11 A Yes. Staff's CCOSS does not distinguish between primary and secondary distribution
12 voltage levels. Evergy's CCOSS models do not make this distinction either; however,
13 the impact on rates of not distinguishing primary and secondary costs is exacerbated
14 under the Staff's CCOSS.

15 **Q WHY IS THE ABILITY TO DISTINGUISH VOLTAGE LEVELS WITHIN THE CCOSS**
16 **A CONCERN?**

17 A A CCOSS that does not, or cannot, recognize voltage levels runs the risk of allocating
18 secondary distribution system costs to customers taking service directly from the
19 primary distribution system. If such were the case, the CCOSS would ensure the
20 subsidization of secondary distribution costs by customers taking service at primary
21 voltages.

1 **Q WHAT IS YOUR PROPOSAL CONCERNING DISTRIBUTION VOLTAGE**
2 **DIFFERENTIATION?**

3 A As noted in my Direct Testimony, I recommend the continuation of delivery voltage
4 differentials in the rate design for classes with customers that take service from multiple
5 voltage levels.

6 **Q DO YOU HAVE ANY ADDITIONAL CONCERNS ABOUT STAFF'S CCROSS**
7 **RESULTS?**

8 A Yes. In addition to the issues previously discussed, the loss factors used to create
9 Allocator 4, titled "Energy (MWh) @ Generation", are inconsistent with the loss factors
10 utilized in the Company's study. These values are hard coded within Staff's CCROSS
11 workpaper and have no source note attached to them. The loss factors are also only
12 applied to the overall customer class and are not separately distinguished by voltage
13 level and applied to the subclasses. For instance, the allocator for the Large General
14 Service ("LGS") class is the KCC annual energy for the total LGS class, divided by 1
15 minus the loss factor applied to the full LGS class. However, the LGS class is
16 comprised of Primary, Secondary, and Transmission level customers. As previously
17 discussed, not recognizing the voltage differentials disproportionately allocates costs
18 among customers.

19 **Q WHAT IS YOUR RECOMMENDATION TO THE KCC REGARDING THE STAFF**
20 **CCROSS?**

21 A I recommend that the KCC give the Staff CCROSS no weight. This study improperly
22 allocates costs to high voltage customers for low voltage distribution equipment they
23 do not require. This study penalizes high-load factor customers by double-counting

1 energy usage in the allocation of production costs. For the reasons discussed above,
2 the Staff CCOSS should be rejected, and Evergy's CCOSS should be relied upon for
3 spreading revenue and designing rates.

4 **III. RESPONSE TO STAFF**
5 **WITNESS LANA J. ELLIS PH.D.**

6 **Q HAVE YOU COMPARED STAFF'S PROPOSED REVENUE ALLOCATION TO THE**
7 **COMPANY'S PROPOSED REVENUE ALLOCATION?**

8 A Yes. Staff's proposed spread is claimed to be based on the results of its P&A CCOSS,
9 with adjustments to reflect gradualism. However, inspection of the results clearly
10 shows this is not the case. Staff's CCOSS shows that the largest customers class,
11 Residential, is not generating enough revenue to cover its cost to serve. Staff's
12 CCOSS shows that Residential only produces a relative Rate of Return ("ROR")
13 of 0.88. In order to allocate the revenue requirement increase in a manner that follows
14 the CCOSS results, this class should be receiving an increase greater than the system
15 average increase. Staff's revenue apportionment proposal should be rejected. A
16 comparison of Staff's proposed revenue allocation to the Company's proposed revenue
17 allocation is presented in Table 1.

TABLE 1									
EKC vs. Staff Proposed Revenue Apportionment									
Line	Description	Company Proposed ¹				Staff Proposed ²			
		Current	Increase / (Decrease)			Current	Increase / (Decrease)		
		Revenues	Amount	Percent	Index	Revenues	Amount	Percent	Index
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	\$ 639,813,923	\$ 95,690,048	14.96%	1.10	\$ 640,295,893	\$ 57,946,778	9.05%	1.00
2	Residential DG	5,399,673	807,571	14.96%	1.10	6,942,311	624,808	9.00%	0.99
3	Small General Service	291,934,039	36,910,063	12.64%	0.93	139,497,049	12,554,734	9.00%	0.99
4	Medium General Service	153,501,214	18,352,200	11.96%	0.88	153,360,645	13,802,458	9.00%	0.99
5	Large General Service	190,582,930	22,805,197	11.97%	0.88	182,367,978	16,413,118	9.00%	0.99
6	Industrial and Large Power Service	24,795,216	3,236,828	13.05%	0.96	8,262,314	805,959	9.75%	1.07
7	Educational Service	37,973,021	5,679,214	14.96%	1.10	37,527,798	3,660,701	9.75%	1.07
8	Restricted Time of Day Service	1,206,354	180,421	14.96%	1.10	1,887,706	184,139	9.75%	1.07
9	Special Contracts	33,416,734	4,362,302	13.05%	0.96	48,960,342	4,775,905	9.75%	1.07
10	Interruptible Contract Service	1,083,456	129,535	11.96%	0.88	305,443	29,795	9.75%	1.07
11	Large Tire Manufacturer	4,832,569	577,769	11.96%	0.88	4,789,406	467,189	9.75%	1.07
12	Electric Vehicle	717,037	87,331	12.18%	0.90	980,878	88,769	9.05%	1.00
13	Lighting	27,337,277	3,268,373	11.96%	0.88	26,699,426	2,416,298	9.05%	1.00
14	Total	\$ 1,412,593,442	\$ 192,086,852	13.60%	1.00	\$ 1,251,877,189	\$ 113,770,651	9.09%	1.00

Sources:
¹ Schedule MEM-2.
² Direct Testimony of KCC Witness Lana J. Ellis, Table 2

Comparing the relative increases in columns (4) and (8) shows that Staff's proposed revenue spread is more favorable than the Company's proposed revenue spread for the Residential, Educational, and Restricted Time of Use classes. All other classes are worse off relative to Everygy's proposal. Staff has also proposed a very narrow spread of the revenue requirement increase ranging from a maximum of 1.07 time the system average increase to a minimum of 99% of the system average increase. As Staff's CCROSS results show that the Residential class is not providing enough revenue to cover its cost to serve, this class must receive an increase greater than the system average increase to align with any semblance of a cost-based ratemaking.

Q DO YOU AGREE WITH STAFF'S PROPOSED REVENUE SPREAD?

A No. As described above, it does not make a meaningful movement toward an accurate measure of cost of service for several classes. Both Staff's CCROSS study and revenue apportionment proposals should be rejected.

**IV. RESPONSE TO CURB
WITNESS GLEN WATKINS**

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3 **Q DOES MR. WATKINS AGREE WITH EVERGY'S PROPOSED CCROSS FOR EKC**
4 **AND EKM?**

5 A No.

6 **Q WHAT CCROSS METHODOLOGY DOES MR. WATKINS SUPPORT IN HIS DIRECT**
7 **TESTIMONY?**

8 A CURB witness Mr. Glen Watkins describes the P&A, BIP, and 12CP CCROSS methods
9 in his Direct Testimony. He does not ultimately recommend that any of the three
10 methods be given more weight than the others. His revenue distribution also gives
11 consideration to all three CCROSS results. I have already addressed the shortcomings
12 of the P&A method in response to Staff. Thus, the focus of my response to Mr. Watkins
13 will be the BIP and 12CP methods.

14 **Q PLEASE DISCUSS THE SHORTCOMINGS OF THE BIP METHOD, AS APPLIED BY**
15 **MR. WATKINS.**

16 A The BIP CCROSS methodology is flawed for several reasons. First, it inconsistently
17 allocates fixed production costs on the basis of BIP capacity requirements but allocates
18 fuel costs on the basis of average energy consumed. This is inconsistent and
19 contradictory to the BIP methodology advocated by the NARUC Manual. In addition,
20 the BIP methodology does not reflect the changing circumstances which can shift
21 production costs between Base and Intermediate loading categories throughout the life
22 of an asset which are unrelated to customer usage demands. Hence, the BIP CCROSS
23 does not accurately reflect the cost-causation nature of generation resources and the
24 allocation of those costs between customers based on the demands and energy

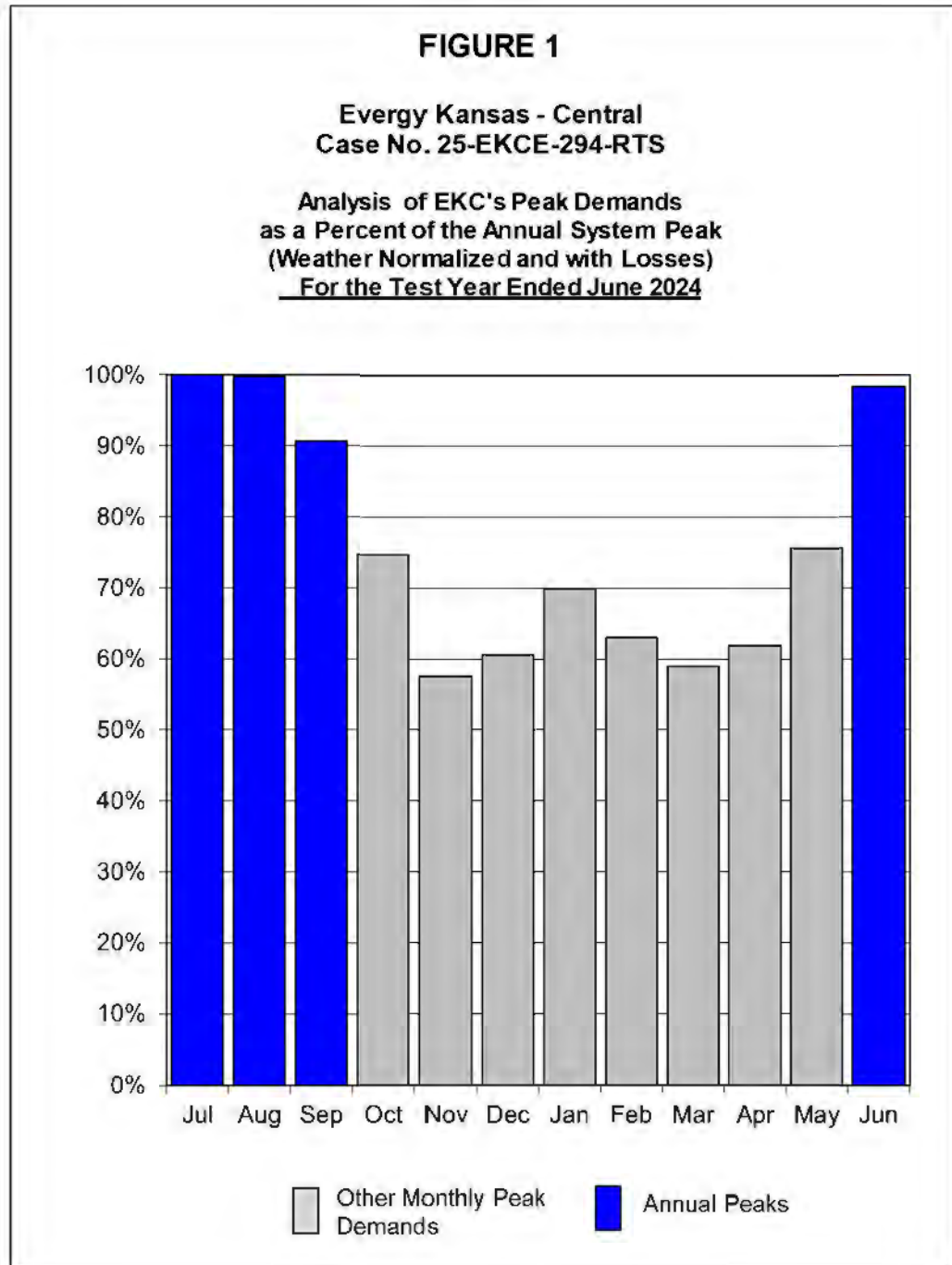
1 consumption characteristics of customers. The BIP CCROSS methodology is unreliable
2 and should be rejected.

3 **Q PLEASE DISCUSS THE SHORTCOMINGS OF THE 12CP CCROSS METHOD FOR**
4 **THE ALLOCATION OF PRODUCTION CAPACITY COSTS.**

5 A Mr. Watkins' 12CP CCROSS rightly classifies production capacity costs as 100%
6 demand-related. However, it errs in using the 12CP demand allocator, rather than a
7 4CP demand allocator.

8 **Q WHY WOULD A 12CP ALLOCATOR OF PRODUCTION CAPACITY COSTS BE**
9 **INFERIOR TO A 4CP ALLOCATOR?**

10 A A utility needs to acquire capacity to meet its peak demands, and the demand allocator
11 is intended to reflect customers' contribution to the utility's peak demands. The 12CP
12 demand allocator looks to the average of each of the utility's 12 monthly Coincident
13 Peaks ("CP"), while the 4CP allocator looks to the average of its four highest monthly
14 CPs. Evergy's monthly peaks are highly divergent, as can be seen in Figure 1 showing
15 us that the peak demands in most months are not drivers of Evergy's need for capacity
16 expansion.



1 As can be seen, the peak demands in October through May are much lower
2 than in the four peak months of June through September. Such peak demands cannot
3 reasonably be considered to significantly contribute to the utility's need to expand its
4 generation system capacity. Clearly, the four peak months of June, July, August, and
5 September are the months that would cause Evergy to design its resource capacity

1 portfolio so it can reliably serve customers' demands in all hours of the year. If the
2 resource portfolio was designed based on serving 12CP, the portfolio would not be able
3 to reliably serve demands during the four month peak periods. Consequently, in using
4 a 12CP allocator which includes the relatively small demands of months like November,
5 the cost-causative effect of meeting peak demand is greatly diluted and, thus, distorts
6 the allocation of the cost incurred to provide reliable firm service. Consequently, the
7 12CP allocator gives excessive weight to non-peak periods in the assignment of the
8 production capacity costs incurred to provide firm service.

9 **Q HOW DOES MR. WATKINS PROPOSE TO DISTRIBUTE ANY AUTHORIZED RATE**
10 **INCREASE IN THIS PROCEEDING?**

11 A CURB witness Mr. Watkins' recommended revenue apportionment gives consideration
12 to the results of his P&A, BIP and 12CP CCOSS models. For the reasons described
13 in this testimony, the P&A, BIP, and 12CP CCOSS models should be rejected.
14 Mr. Watkins' proposed revenue apportionment should also be rejected, as it is based
15 on CCOSS results that do not accurately assign costs to cost-causers.

16 **V. RESPONSE TO HF**
17 **SINCLAIR WITNESS JUSTIN BIEBER**

18 **Q DOES MR. BIEBER AGREE WITH EVERGY'S PROPOSED CCOSS?**

19 A Not entirely. While he does not propose to change any of the classification or allocation
20 of costs, he does recommend that the special contract class be parsed out into a
21 separate class for each special contract customer.

1 **Q DOES MR. BIEBER EXPLAIN HOW HE PARSED OUT THE THREE SPECIAL**
2 **CONTRACT CUSTOMERS?**

3 A Not in his testimony; however in response to discovery Mr. Bieber explains that he used
4 Evergy's allocator workbook to create the individual allocators for each customer. This
5 workbook was provided to me for inspection.

6 **Q IS THERE AN ISSUE WITH HOW MR. BIEBER CREATED THE ALLOCATORS FOR**
7 **EACH CUSTOMER?**

8 A Yes. I have discovered two major flaws. First, the demand components for the two
9 other special contract customers have been swapped, meaning the 4CP Average and
10 Excess ("A&E") allocators for both of these customers are incorrect. This also affects
11 the 4CP A&E allocator for all other classes, as Mr. Bieber's flawed workbook increases
12 the total amount of excess demand, thus lowering the excess demand portion of the
13 A&E allocator for all classes that do have an excess demand component.

14 Second, this workbook shows that both the demand and energy split among the
15 three customers of the class are based only on the average energy of the class.
16 Splitting the energy components in this manner is acceptable; however, it is speculative
17 at best for Mr. Bieber to assume that energy consumption can be used to derive the
18 demand for each of the customers within the class. This essentially assumes without
19 justification that each of the three customers has the exact same load factor, and load
20 shape. This is not a reasonable assumption because, as noted by Mr. Bieber, the
21 "special contract rates were negotiated to provided discounted rates reflecting the
22 unique loads and characteristics of the customers." Mr. Bieber's simplistic assumption
23 would hold only if all three contract customers had the same load shape, rather than

1 unique load shapes. Hence, Mr. Bieber's proposal to separate the three special
2 contract customers is flawed and unreliable.

3 **Q IS THERE ANOTHER ISSUE WITH THE ALLOCATION OF COSTS TO THE**
4 **SPECIAL CONTRACT CUSTOMERS?**

5 A Yes. At least one customer on the special contracts has a significant amount of
6 interruptible load. Evergy does not include any adjustment for interruptible load in its
7 allocation factor development. See Exhibit BCA-CA-1. Interruptible load does not
8 require Evergy to procure additional capacity and, therefore, should not be included in
9 the development of production plant allocator. Information provided in a prior docket
10 indicated that Occidental Chemical Corporation provides 80 MW of interruptible load.¹
11 This is a highly valuable attribute, as resource adequacy has diminished and reserve
12 margins have increased. This interruptible load should be removed from the production
13 capacity cost allocator for the Special Contract class. Mr. Bieber's demand allocators
14 are flawed because he did not make this adjustment. Because the utility does not plan
15 for generation capacity to serve non-firm load, including only firm load in the demand
16 component of the production capacity allocation factor reasonably reflects
17 cost-causation.

18 **Q IS IT CLEAR FROM THE COMPANY'S TESTIMONY AND WORKPAPERS**
19 **WHETHER THE PRODUCTION CAPACITY COST ALLOCATOR FOR THE**
20 **SPECIAL CONTRACTS CLASS INCLUDES FIRM LOAD ONLY?**

21 A No. The Company's workpapers show monthly CP demands for the Special Contracts
22 class as a whole, but those demands are inputs in the Company's spreadsheet. Then,

¹Docket No. 18-KG&E-303-CON. Post-Hearing Brief of Occidental Chemical Corporation at page 16.

1 the Company allocates the Special Contract class's aggregate CP demand to the
2 customers within the class in proportion to the total energy sales associated with each
3 customer in that class. The Company's methodology does not accurately reflect each
4 customers' metered CP demand within the Special Contract class. Consistent with
5 Evergy's discovery response provided as Exhibit BCA-CA-1, these have no adjustment
6 for any interruptible load.

7 **Q WHAT WOULD BE THE IMPACT ON THE SPECIAL CONTRACTS CLASS COST**
8 **OF SERVICE IF THE PRODUCTION CAPACITY COST ALLOCATOR REFLECTED**
9 **FIRM LOAD ONLY?**

10 A Reducing the demand component of the production capacity allocator to reflect 80 MW
11 of interruptible load provided by Occidental Chemical Company would reduce the
12 allocated cost of service for the Special Contracts class, though it does not appear that
13 the data is currently available to identify the exact impact on the class cost of service.

14 **Q WHAT DO YOU CONCLUDE ABOUT MR. BIEBER'S PROPOSAL?**

15 A Due to the issues concerning the proper development of the customer specific
16 allocators and the interruptible load issue, I recommend that at this time Mr. Bieber's
17 proposal to parse out the three special contracts customers be rejected.

18 **Q DOES THIS CONCLUDE YOUR CROSS-ANSWERING TESTIMONY?**

19 A Yes, it does.

Evergy Kansas Central
Case Name: 2025 KS Central Rate Case
Case Number: 25-EKCE-294-RTS

Requestor Zakoura James -
Response Provided May 27, 2025

Question:BAI-2-3

Please refer to the direct testimony of Ms. Marisol Miller page 10, lines 6-19. Please provide a detailed narrative explaining how the company accounted for the interruptible customer usage in the development of its allocation factors. Please provide any and all workpapers, in complete electronic format, with all formulas and links intact that support the allocation factors for interruptible customers.

RESPONSE: (do not edit or delete this line or anything above this)

Confidentiality: PUBLIC

Statement: This response is Public. No Confidential Statement is needed.

Response:

Allocations are developed based on the metered usage for customers. No special provisions are made to account for interruptible loads. Interruptible customers are not treated differently from other customers in the development of allocations.

Information provided by: Brad Lutz, Regulatory Affairs

Attachment(s):

Verification:



I have read the Information Request and answer thereto and find answer to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signature /s/ *Brad Lutz*
Director Regulatory Affairs

Respectfully submitted,

/s/ James P. Zakoura

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&

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CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of June 2025, the foregoing was electronically filed with the Kansas Corporation Commission and that one copy was delivered electronically to all parties on the service list as follows:

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