

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

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**TESTIMONY IN SUPPORT OF SETTLEMENT**

**DARRIN R. IVES**

**ON BEHALF OF**

**EVERGY KANSAS CENTRAL, INC.  
AND EVERGY KANSAS SOUTH, INC.**

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IN THE MATTER OF  
EVERGY KANSAS CENTRAL, INC. AND EVERGY KANSAS SOUTH, INC.  
TO SEEK APPROVAL FROM THE COMMISSION  
OF THE EVERGY ENERGY EFFICIENCY RIDER 2021 FILING

**DOCKET NO. 22-EKCE-020-TAR**

**I. INTRODUCTION**

- 1
- 2 **Q: Please state your name and business address.**
- 3 A: My name is Darrin R. Ives. My business address is 1200 Main, Kansas City, Missouri
- 4 64105.
- 5 **Q: By whom and in what capacity are you employed?**
- 6 A: I am employed by Evergy Metro, Inc. I serve as Vice President – Regulatory Affairs for
- 7 Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri Metro”), Evergy
- 8 Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”), Evergy Metro,
- 9 Inc. d/b/a Evergy Kansas Metro (“Evergy Kansas Metro”), and Evergy Kansas Central,
- 10 Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central (“Evergy Kansas
- 11 Central”) the operating utilities of Evergy, Inc.
- 12 **Q: On whose behalf are you testifying?**
- 13 A: I am testifying on behalf of Evergy Kansas Central.

1 **Q: What are your responsibilities?**

2 A: My responsibilities include oversight of the Company’s Regulatory Affairs Department, as  
3 well as all aspects of regulatory activities including cost of service, rate design, revenue  
4 requirements, regulatory reporting and tariff administration.

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

6 A: I graduated from Kansas State University in 1992 with a Bachelor of Science in Business  
7 Administration with majors in Accounting and Marketing. I received my Master of  
8 Business Administration degree from the University of Missouri-Kansas City in 2001. I  
9 am a Certified Public Accountant. From 1992 to 1996, I performed audit services for the  
10 public accounting firm Coopers & Lybrand L.L.P. I was first employed by Kansas City  
11 Power & Light in 1996 and held positions of progressive responsibility in Accounting  
12 Services and was named Assistant Controller in 2007. I served as Assistant Controller until  
13 I was named Senior Director – Regulatory Affairs in April 2011. I have held my current  
14 position as Vice President – Regulatory Affairs since August 2013.

15 **Q: Have you previously testified in a proceeding before the State Corporation**  
16 **Commission for the State of Kansas (“Commission” or “KCC”) or before any other**  
17 **utility regulatory agency?**

18 A: Yes, I have testified before the Commission and the Missouri Public Service Commission  
19 (“MPSC”). I have also provided written testimony to the Federal Energy Regulatory  
20 Commission (“FERC”) and testified before Missouri and Kansas legislative committees.

21 **Q: What is the purpose of your testimony?**

22 A: I am providing testimony on behalf of Evergy Kansas Central in support of the Unanimous  
23 Settlement Agreement between Evergy Kansas Central, Commission Staff, and Citizens’

1 Utility Ratepayer Board (“CURB”). I will provide some background information  
2 regarding the Settlement Agreement, summarize the terms of the Agreement, and address  
3 the Commission’s standards for review of settlements with respect to the Settlement  
4 Agreement in this case.

5 **II. BACKGROUND AND TERMS OF SETTLEMENT AGREEMENT**

6 **Q. Please describe the history of this docket and the Unanimous Settlement Agreement?**

7 A. On July 15, 2021, Evergy Kansas Central filed its Application with the Commission  
8 requesting approval of its Energy Efficiency Rider (“EER”). Evergy Kansas Central files  
9 an updated EER annually, in order to recover “actual program costs deferred for  
10 Commission approved Energy Efficiency programs deferred over a 12-month period  
11 ending in June of each year plus any true up amount from the prior period.”<sup>1</sup> Evergy  
12 Kansas Central’s Application sought recovery of costs incurred in relation to Commission-  
13 approved demand response and energy efficiency programs in the amount of \$4,379,725.  
14 This amount includes unrecovered expenses of \$4,277,148 incurred from the period of July  
15 1, 2020, through June 30, 2021, and under-recovered costs of \$102,577 incurred from the  
16 prior period.

17 Staff reviewed Evergy Kansas Central’s filing and found no errors in Evergy  
18 Kansas Central’s calculations or the requested amounts. Staff did, however, recommend  
19 that an adjustment be made to the true-up portion of the EER. Staff argued that Evergy  
20 Kansas Central recovered a small percentage of its EER costs through its transmission  
21 formula rate (“TFR”) from 2010 to 2019 and that the true-up for this EER period should  
22 be utilized to correct for the amount of EER costs Evergy Kansas Central recovered

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<sup>1</sup> EER Tariff, sheet 2.

1 through its TFR during that time period (a total amount of \$1,277,601). On October 8,  
2 2021, CURB filed a Response to Staff’s R&R indicating that it agreed with Staff’s findings  
3 and recommendations.

4 Evergy Kansas Central disagreed with Staff’s recommendation regarding the  
5 adjustment to the true-up and filed its Response on October 11, 2021. In its response,  
6 Evergy Kansas Central explained that the EER tariff clearly defined how to calculate the  
7 annual EER, which limited the calculation of the true-up to the “difference between the  
8 approved recovery amount and the actual recovery amount during the time the EE Factor  
9 was in effect,”<sup>2</sup> and that Staff’s proposal was inconsistent with that language.

10 On October 21, 2021, Staff filed a Reply in support of its R&R, arguing that its  
11 proposed adjustment was appropriate.

12 Subsequent to these filings, the Parties held informal settlement discussions in an  
13 attempt to resolve the disputed issues before the Commission in this docket and avoid the  
14 expense and time that would have been involved with further litigation. The Parties were  
15 able to resolve the disputed issues and reached an agreement, submitting the Unanimous  
16 Settlement Agreement on November 9, 2021.

17 **Q. Can you describe the terms of the Settlement Agreement?**

18 A. The Settlement Agreement provides that:

- 19       ▪ Evergy Kansas Central will return to customers through the true-up  
20       component of the EER rider that is to be effective through October  
21       31, 2022, an amount of \$479,779.85 in addition to the true-up  
22       calculation proposed by Evergy Kansas Central in its initial filing,  
23       to address Staff’s recommendation regarding recovery of energy  
24       efficiency costs through Evergy Kansas Central’s TFR; and
- 25       ▪ The EER rate will be updated to reflect this settlement.

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<sup>2</sup> *Id.*

1 The Settlement Agreement also made it clear that Evergy Kansas Central’s willingness to  
2 agree to the Settlement Agreement does not impact in any way Evergy Kansas Central’s  
3 ability to maintain its position in the future that there should not be an open-ended  
4 retroactive look back option for adjustment mechanisms and that adjustment mechanisms  
5 should be administered in a manner that allows for finality of rate matters before the  
6 Commission.

7 **III. COMMISSION STANDARDS FOR REVIEW OF SETTLEMENT**  
8 **AGREEMENTS**

9 **Q. What is the standard the Commission applies to determine whether to approve**  
10 **settlement agreements?**

11 A. The Commission determines:

- 12 1. Whether each party had an opportunity to be heard on its  
13 reasons for opposing the Stipulation;
- 14 2. Whether the Stipulation is supported by substantial  
15 competent evidence;
- 16 3. Whether the Stipulation conforms with applicable law;
- 17 4. Whether the Stipulation results in just and reasonable rates;  
18 and
- 19 5. Whether the results of the Stipulation are in the public  
20 interest

21 **Q. Who are the parties to this docket?**

22 A. The parties to this docket are Evergy Kansas Central, Staff, and CURB.

23 **Q. Did all of the parties have an opportunity to be heard with respect to the terms of the**  
24 **Settlement Agreement?**

25 A. Yes, all parties participated in settlement discussions and the Settlement Agreement is  
26 unanimous.

1 **Q. Is the Settlement Agreement supported by substantial evidence in the record as a**  
2 **whole?**

3 A. Yes. The amount Evergy Kansas Central agreed to flow through to customers through the  
4 EER true-up in the Settlement Agreement - \$479,779.85 in addition to the true-up  
5 calculated in Evergy Kansas Central's initial filing – represents a compromise between the  
6 positions of Staff and Evergy Kansas Central in the docket. Evergy Kansas Central's initial  
7 filing and subsequent pleadings supported no additional true-up amount, while Staff's  
8 pleadings supported a larger amount being flowed through the true-up.

9 **Q. Does the Settlement Agreement conform to applicable law?**

10 A. The Settlement Agreement resolves the disputed issue in the docket through a compromise,  
11 which is consistent with Commission precedent. I also understand that the Commission  
12 has previously recognized that settlements are favored by the law.

13 **Q. Would the rates implemented pursuant to the Settlement Agreement be just and**  
14 **reasonable?**

15 A. Yes. The EER rate that will be implemented if the Settlement Agreement is approved will  
16 be slightly lower than the rate initially proposed by Evergy Kansas Central in this docket.  
17 That proposed rate was based on the calculation as specifically defined in the EER tariff  
18 and was designed to recover the costs of Commission-approved energy efficiency  
19 programs. Thus, the EER rate will be just and reasonable.

20 **Q. Are the results of the Agreement in the public interest?**

21 A. Yes. Settlements such as the one we filed in this docket put an end to the time-consuming  
22 and expensive litigation process, saving all parties and the Commission the time and cost  
23 of an extensive evidentiary hearing. The settlement process involves a significant amount

1 of dialogue among the parties, all of whom have disparate interests. The fact that the  
2 Settlement Agreement is supported by all of the parties in the docket is evidence that the  
3 agreement is in the public interest. The Parties include representatives of the majority of  
4 the customer classes on Evergy Kansas Central's system. Each of the Parties has a duty to  
5 protect the interests of those it represents. Evergy Kansas Central has a duty to its  
6 customers and shareholders. CURB represents residential and small commercial  
7 customers. Staff is required to represent the public generally, including the interests of  
8 Evergy Kansas Central, its shareholders, and all of its customers. Given the diverse nature  
9 of the Parties, the fact that they all came together in agreement with the Settlement  
10 Agreement demonstrates that the Settlement Agreement is in the public interest and should  
11 be approved by the Commission in its entirety.

12 **Q. Thank you.**